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SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, MARCH 11, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.

MAR 0 6 2008

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - February 26, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

         a. Property: Piers 15/17
         Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
         *Exploratorium: Dennis Bartels

         Under Negotiation: _____ Price _____Terms of Payment X Both
         An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 15-17.

A03112008

b. Property: Pier 9
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Bar Pilots: Captain Peter McIsaac

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

c. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Portsamerica: Don Wylie

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report
- Union Pacific Freight Train Derailment at Junction of Quint Street Lead and Cal Train's main line – February 28, 2008
- Earth Hour, A Global Event on Climate Change – March 29, 2008 from 8-9 p.m.
- San Francisco Giants Opening Day – April 7, 2008
- Seawall Lot 351 (Embarcadero at Washington) Development Criteria Workshop -- Monday April 14
- Informational presentation regarding the SWL 337 development concept presentations from the March 1, 2008 public workshop.

B. Informational Presentation Regarding the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts.

8. MAINTENANCE

A. Informational Presentation by Peg Stevenson, Director of City Service Auditor at the Controller's Office, Regarding the Controller's Audit of the Port's Purchasing and Inventory Processes.

9. REAL ESTATE

A. Request approval of a Street Performer Program for the Fisherman's Wharf Area commencing April 1, 2008. (Resolution No. 08-15)

10. PLANNING & DEVELOPMENT

A. Request approval to issue a Request For Proposals for design and engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38. (Resolution No. 08-16)

11. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation regarding findings of Advisory Panel in reviewing developer qualifications for SWL 337 (April 8, 2008)
  - Request authorization to advertise for the Demolition and Disposal of Port's Drydock No. 1 (April 8, 2008)
  - Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (April 8, 2008)
  - Request approval to accept and expend the 2007 Port Security Grant for security upgrades at the Port of San Francisco (April 8, 2008)
  - Informational Presentation and update regarding the Association of Bay Area Governments Bay Trail Grant to the San Francisco Redevelopment Agency and the Port of San Francisco for a community based planning process to study Pedestrian, Bicycle and Landscape Improvements to Cargo Way (April 8, 2008)
  - Request approval of a Memorandum of Understanding between the Port and San Francisco International Airport for advertising space and design services at the Pier 35 Cruise Terminal and The Embarcadero (April 8, 2008)
  - Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Operation at Pier 94 (April 8, 2008)
  - Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78 (April 8, 2008)

- Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250 (April 8, 2008)
- Request approval of the Advisory Panel's recommendation for shortlist of developer teams (April 22, 2008)
- Request approval to authorize issuance of Request for Proposals for SWL 337 (April 22, 2008)
- Request authorization to advertise for Environmental Investigation at Pier 70 (April 22, 2008)
- Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street) (May 2008)
- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (Date to be determined)
- Request approval of an Amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make

pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission from February 22, 2008 to March 6, 2008:

- From Annette Wilson, Program Director, Harvard University's John F. Kennedy School of Government, invitation to attend the Executive Education Program on Mastering Negotiation on May 11-16, 2008
- From the Potrero Boosters Neighborhood Association, copy of their newsletter, "The Potrero Community Voice"
- From Port staff, copy of *San Francisco Chronicle's* article entitled "Residents chime in on plans for waterfront development"
- From Port staff, copy of *San Francisco Chronicle's* article entitled "Giants' development idea best of 4 proposals"
- From Port staff, copy of *San Francisco Chronicle's* article entitled "City to get $2 million toward cleanup cost"

14. ADJOURNMENT

MARCH/APRIL 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
March 25 Cancelled	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel (CTAP) generally meets the second Thursday of the month. Contact John Doll at 274-0639 or john.doll@sfport.com

The Cruise Terminal Environmental Advisory Committee (CTEAC) generally meets quarterly. Date and time to be determined. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com
The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

Ferry Building:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

March 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION

Overview

In February 2005, the Port Commission adopted Resolution 05-19 authorizing Port staff to work with the Mayor's Office and Senator Carole Migden to pursue changes to State law permitting the establishment of Port Infrastructure Financing Districts ("IFDs") to finance defined waterfront capital improvements. This financing authority is an important component of the financing strategies in the Port's recently adopted Fiscal Year 2009-18 Capital Plan ("Capital Plan").

This informational staff report describes potential changes to California Government Code 53395 et seq. (the "IFD Law") designed to enhance the Port's IFD financing ability and implement the Port's public trust mandate. Port staff will perform further public outreach to gain feedback on the proposed changes to State law, consult with representatives of the San Francisco Bay Conservation and Development Commission ("BCDC") and the California State Lands Commission ("State Lands") and, in consultation with the Mayor's Office, consult with the City's State legislative delegation regarding these proposed changes to law.

Infrastructure Financing District Law

As described in the September 13, 2005 Port Commission staff report, IFDs are authorized under the IFD Law. The IFD Law allows public agencies, including the City, to finance public infrastructure improvements by capturing and bonding against property tax increment generated in the district after it is established. To do so, the public agency must follow a multi-step process

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that includes approval of a financing and infrastructure plan approved by the Board of Supervisors.

IFDs function much like redevelopment project areas. In this regard, IFDs do not, on their own, increase tax rates, rather, they rely on increases in the property tax base within the IFD. Like redevelopment, the fundamental justification for tax increment financing is that but for public and private investment made possible by tax increment financing, development and the resulting property tax increases would not occur.

In contrast to redevelopment law, the IFD Law does not require the public agency to make a finding of blight or require a set aside of a portion of the tax increment for affordable housing (except when the projects to be financed through the IFD displace housing). Unlike redevelopment, adoption of an IFD does not affect the land use requirements or zoning designations for the area. IFDs also differ from redevelopment in another major respect: In IFDs, unlike redevelopment areas, approximately 25% of local property taxes are allocated to the State of California's Educational Revenue Augmentation Fund ("ERAF") under complex rules.

In 2005, Port staff worked with State Lands staff and Senator Carole Migden to amend the IFD Law to permit its use on Port property. The resulting bill – SB 1085 – included changes to the IFD Law that:

- Clarified that a public agency may form such districts to finance public infrastructure where all of the property in the district is publicly-owned, and that the process for forming the district is the adoption of an ordinance of the legislative body (i.e., the Board of Supervisors);

- Clarified that publicly-owned property subject to tidelands trust for commerce, navigation and fisheries (the "public trust"), including filled tidelands, may be included in such districts;

- Enumerated additional examples of infrastructure improvements that qualify for infrastructure financing districts, including seismic upgrades, historic renovation, environmental remediation, utility improvements, structural repair or construction of seawalls, piers, and wharves;

- Established a base year and authorized allocation of tax increment up to ten years beyond the initial 30-year term of a district; and

- Authorized the use of such districts for urban waterfront areas in addition to undeveloped or underdeveloped areas.

Port Capital Plan

The FY 2009-18 Capital Plan adopted by the Port Commission on February 26, 2008 describes potential funding of $804 million to meet a 10 year need of $1.9 billion, relying on the following sources: Port tenants, the Port's operating budget, revenue bonds, development projects, IFD bonds, and for the first time, general obligation bonds. Of this projected $804 million in funding, the Port projects $162.5 million in Port revenue bonds, $265 million in IFD bonds, and $33.5

million in general obligation bonds. Port staff projects a 10 year financing shortfall of more than $1 billion.

August 2007 SPUR Report

During the first half of 2007, Port staff worked closely with a committee of individuals established by the San Francisco Planning and Urban Research Association ("SPUR") to analyze the Port of San Francisco's operations. The group was co-chaired by Mike Wilmar and Teresa Rae of SPUR, and included Sean Randolph, Ann Halsted and Will Travis (Chair, Vice-Chair and Executive Director of BCDC), Jennifer Clary, and Bill White. Then Port Commission President Ann Lazarus and numerous Port staff participated in the effort as well.

In August 2007, SPUR published "*Hard Choices at the Port of San Francisco*," an examination of the Port's history and its infrastructure, regulatory, transportation and financial challenges. The piece concluded with a variety of recommendations related to land use and financing. Appendix A includes an excerpt containing SPUR's recommendations for financing historic preservation, waterfront open space and clean up of toxic contamination of the Port. The SPUR paper included the following recommendation:

> "Because the Port is a state asset as well as a City asset, the state Legislature should revise the IFD law to allow the Port to capture the state's share of possessory-interest tax increment (e.g., increased taxes resulting from new development) and to align the IFD to the public benefits required by the state on publicly owned waterfront land."

The SPUR paper is available on-line at http://www.spur.org/documents/070801_article_01.shtm

Arguments Supporting Changes to IFD Law

State law divides property taxes among the City (64.7%), the State (25.3%), the School District ("SFUSD") (7.7%) and other local taxing entities, including the Community College District ("SFCCC"), BART and the Bay Area Air Quality Management District ("BAAQMD").

As described above, a major difference between redevelopment law and the IFD Law is that under current IFD Law, the State is allocated a 25.3% share of tax increment for ERAF. Dependent on a number of factors, including consideration and approval of a proposed IFD financing and infrastructure plan by the Port Commission and the Board of Supervisors and the Mayor, reallocation to the City of the State's portion of increment could increase the Port's IFD bonding capacity in the next ten years by up to $100 million (up to 40%).

Port staff believes there are two policy arguments to support reallocation of the State's share of increment. First, some Port property exhibits characteristics of blight that would enable the establishment of a redevelopment area for portions of the Port. In the 1980s, the San Francisco Redevelopment Agency established the South Beach/Rincon Point Redevelopment Area, which featured development of the 700 slip South Beach harbor on Port property as a means of catalyzing market rate and affordable housing in the South Beach neighborhood. A redevelopment area including Lot A in Mission Bay and Port property south to Pier 96 would enable the allocation to the City of the State's share of tax increment to address blight. Thus,

changes to the IFD Law would simply enable the Port to mirror redevelopment law with respect to the State's share of tax increment.

However, redevelopment law promotes public policy objectives (economic development and affordable housing development) that do not entirely match the objectives of the Port as enumerated in the Burton Act, the public trust and the BCDC Special Area Plan for the San Francisco Waterfront. In this body of law and policy, the State has enumerated different, but equally important, policy objectives of promoting maritime commerce, public access to and enjoyment of the Bay, and environmental remediation of tidelands. Thus, Port staff believes that the State has already articulated policy interests which the State's share of property tax generated on Port property could promote.

Proposed Changes to IFD Law

Port staff recommends the following changes to the IFD Law as applied to the Port of San Francisco:

1. Allow the City to retain the 25.3% of property taxes from the IFD that the State would otherwise deposit into ERAF, to be used for specified State waterfront interests such as open space, public access to the water, environmental remediation and Bay fill removal;

2. Allow the City to use tax increment from the IFD, after pass-throughs to SFUSD, SFCCC, BART and BAAQMD, to secure bond-financing and pay debt service for up to 45 years; and

3. Allow an IFD to be formed on publicly-owned land without a general election of property owners.

The text of the proposed changes to law is included in Appendix B.

Impacts on the State Budget

For FY 2008-09, the State of California is facing a major budget deficit currently estimated at $16 billion according to Legislative Analyst Elizabeth Hill, most of which represents a structural deficit.

The impacts of the proposed changes to IFD Law are not expected to significantly impact the State budget for the following reasons:

- Port development that will fuel increases in property taxes is not expected to occur for 4-5 years at a minimum (due to the time required for environmental review, discretionary approvals by the Port Commission and the Board of Supervisors, and BCDC permitting), meaning that the increased property taxes resulting from that development will not accrue until FY 2013-14 (as projected in the Port's Capital Plan); and

- The State will not forego any current tax revenue, but rather only *anticipated* tax increment, some of which is highly speculative. In places such as Pier 70, where development costs are projected by Port staff and consultants to exceed revenues from

development, increases in property tax are unlikely to be generated at all, unless the Port succeeds in developing new sources of financing (such as the State's share of tax increment) to subsidize public improvements. As noted above, this is the fundamental justification for tax increment financing: but for the investment of the tax increment in the public infrastructure serving a subject property, private investment and the resulting increases in property tax will not occur.

Further, if the Port Commission and the State Legislation Committee chaired by the Mayor approve the proposed legislation and the Port obtains the proposed changes to the IFD Law, the State stands to achieve other economic benefits from development of Port property, including sales tax from retail development on Port property and income tax arising from commercial development.

Impact on School District, Community College District, BART and the Bay Area Air Quality Management District

A Port IFD would not affect the 7.7% of San Francisco property taxes that are earmarked for the San Francisco Unified School District or the 2.3% of property taxes earmarked for the Community College District, BART and the Bay Area Air Quality Management District: under IFD Law, these entities have the right to review and approve future Port IFDs designed to finance waterfront improvements. Table 1 below shows the increased annual property tax revenue that successful development of SWL 337, Pier 70 and the Backlands could generate for the SFUSD and other taxing entities, assuming the proposed changes in the IFD Law.

Table 1: Possible Port Property Tax Scenarios w/ Proposed State Legislation

	Total Annual Ad Valorum Tax	State	SFUSD	Other Entities	City/Port
Share		*25.30%*	*7.70%*	*2.30%*	64.70%
SWL 337	9,350,000	2,365,550	719,950	215,050	6,049,450
Pier 70	20,330,000	5,143,490	1,565,410	467,590	13,153,510
Backlands	980,000	247,940	75,460	22,540	634,060
Annual Totals	**$30,660,000**	**2,613,490***	**2,360,820**	**705,180**	**$6,683,510***

* All figures represent increased (net new) tax revenue generated on Port property. The total annual State and City tax receipts assume that Pier 70 will not be developed but for the investment of tax increment.

Next Steps

Port staff will perform outreach to environmental, community, historic preservation and school constituencies to gather public comment on the proposed changes to law. In consultation with the City's State lobbyist and the Mayor's Office, Port staff will discuss the proposed changes with BCDC and State Lands. Prior to seeking passage of such changes to law, Port staff will seek the approval of the Port Commission and the City's State Legislation Committee.

Prepared by: Brad Benson, Special Projects Manager

Appendix A: SPUR Recommends 10 Financing Strategies to Promote Historic Preservation, Waterfront Open Space and Cleanup of Toxic Contamination of Port Property[1]

"1. The City should enact Infrastructure Financing Districts for each new historic waterfront development opportunity and the seawall lots to generate revenue for the redevelopment of the finger piers and the historic Pier 70.

2. Because the Port is a state asset as well as a City asset, the state Legislature should revise the IFD law to allow the Port to capture the state's share of possessory-interest tax increment (e.g., increased taxes resulting from new development) and to align the IFD to the public benefits required by the state on publicly owned waterfront land.

3. After setting a baseline to ensure that existing taxes from Port property continue to flow to the City's General Fund, the City should authorize the Port to waive payroll or other taxes - particularly in areas such as Pier 70 - if Port tenants make investments necessary to fix the Port's historic structures or clean up contaminated Port property. Under this scenario, developers should be required to make investments in public improvements equivalent to the payroll or other taxes waived by the City.

4. The Port and the State of California should cooperate to nominate Pier 70 to the National Register of Historic Places, thus enabling the use of historic tax credits to preserve eligible Pier 70 buildings.

5. The California Legislature should declare the Port's northern seawall lots surplus to the immediate needs of the public trust, and the Port should use proceeds from development of these sites to fund historic preservation and waterfront plazas required by the BCDC Special Area Plan.

6. The federal government should develop a funding source for seismic strengthening of publicly owned facilities listed on or eligible for listing on the National Register of Historic Places, possibly on a matching basis, to attract public investment in these facilities (similar to the federal historic-preservation tax credit, designed to attract private equity for historic-preservation purposes).

7. The federal government should investigate changes to law and/or regulation that will allow the pairing of tax- exempt financing and historic-preservation tax credits and allow tax-exempt public financing for pier substructure repairs and seismic strengthening of publicly owned facilities listed on or eligible for listing on the National Register of Historic Places (regardless of associated private leasing activity).

8. The City should study whether the local market for transferable development rights from historic buildings downtown to new office towers can absorb the addition of several additional "transfer from" historic sites on Port property (such as the Union Iron Works Building at Pier 70).

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[1] Excerpt from *Hard Choices at the Port of San Francisco*, San Francisco Planning and Urban Research Association, August, 2007

9. The City should examine open-space exactions for housing development in the eastern neighborhoods as a means of developing park capacity for new residents, and consider making waterfront parks an eligible expenditure for funds. The Port should continue to pursue public, foundation and corporate grant funds, development mitigation requirements, and pollution-settlement funds to restore natural areas.

10. The City should consider Port projects as eligible for funding through future general obligation bond issues, including parks, historic preservation and seismic-reinforcement projects.

Will these strategies solve the Port's financial dilemma? Not entirely. Current projections indicate that these subsidies may attract the private equity required to save some, but not all, of the Port's significant historic resources."

Appendix B: Proposed Changes to IFD Law

An act to amend Section 53395.8 of the Government Code and Section 96.1 of the Revenue and Taxation Code relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

[Bill No. and sponsor] Infrastructure financing districts: San Francisco waterfront.

Existing law authorizes the formation by local legislative bodies of infrastructure financing districts in specified types of areas to incur debt, as defined, or provide for tax increment allocation, to finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of specified types of real or tangible property, including specified types of facilities, under an infrastructure financing plan adopted by specified procedures.

Provisions in existing law affecting only infrastructure financing districts in the City and County of San Francisco add tidelands and submerged lands subject to the public trust for commerce, navigation and fisheries and the applicable statutory trust grant or grants to the areas that may be included in an infrastructure financing district; clarify that public entities may be landowners for the purpose of the law and provide for modified procedures for adoption of the district and the infrastructure financing plan if all the land in the district would be publicly owned; add seismic strengthening, historic rehabilitation and certain other public purposes and facilities to those projects that may be financed; and authorize the amendment of an infrastructure financing plan to extend time limitations for receipt of property tax increment subject to specified conditions.

This bill would provide additional flexibility in the procedures for forming and financing infrastructure financing districts along the waterfront of the City and County of San Francisco.

The people of the State of California do enact as follows:

SEC. 1. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City and County of San Francisco. The Legislature finds and declares that the following facts constitute such special circumstances:

(a) Under the Burton Act (Chapter 1333 of California Statutes of 1968) and the Burton Act transfer agreement, the State conveyed certain state tidelands along the San Francisco waterfront, generally extending from Fisherman's Wharf to Candlestick Point, to the City and County of San Francisco, through its port, in 1969 in trust for public trust and Burton Act trust purposes, subject to the obligation on the part of the City and County San Francisco to assume $55 million in State debt obligations then existing relating to the waterfront properties. Under the San Francisco Charter, the people of San

Francisco charged the Port of San Francisco with administration of the San Francisco waterfront and the responsibility for discharging the pre-existing debt obligations. These pre-existing debt obligations have limited the port's ability since 1969 to finance substantial investment in public trust facilities within its jurisdiction.

(b) Beginning in the early 1990s, in response to economic and land use needs of the port and as directed by the San Francisco electorate, the port undertook a public planning process related to the improvement and development of the San Francisco waterfront. This process resulted in the port's adoption of a waterfront land use plan in 1997.

(c) Pursuant to the San Francisco Administrative Code, the port in 2006 developed a capital plan identifying public facilities necessary and convenient to the improvement, operation and conduct of the San Francisco waterfront. Among these public facilities are seismic and life-safety improvements to existing buildings; rehabilitation, restoration and preservation of certain historic piers and other historic structures; shoreline restoration and structural repairs and improvements to piers, seawalls, wharves and other maritime facilities; remediation of hazardous materials; removal of bay fill; stormwater management facilities and other utility infrastructure improvements; and public open space improvements, including those required by the Bay Conservation and Development Commission special area plan for the San Francisco waterfront. The estimated cost to implement the port's capital plan is approximately $1.9 billion dollars in 2008 dollars, an amount many times the revenues projected to be available to the port for these purposes.

(d) The San Francisco waterfront is a valuable public trust asset of the State that provides special maritime, navigational, recreational, cultural and historical benefits to the people of the region and the State. Realizing the goals of the port waterfront land use plan, the Bay Conservation and Development Commission special area plan and the port capital plan is a matter of statewide significance, and removal of the deteriorating conditions along the San Francisco waterfront caused by deferred maintenance since 1969 by providing a financing mechanism through the use of incremental property tax revenues are matters of statewide importance that will further the purposes of both the public trust and the Burton Act trust. Public facilities along the San Francisco waterfront to be financed pursuant to the infrastructure financing district law will increase public access to, or use or enjoyment of, public trust lands and are matters are of statewide and community-wide significance.

(e) The City and County of San Francisco, through its port, wants to establish one or more infrastructure financing districts to finance public facilities along the San Francisco waterfront. Due to the extraordinary capital needs of the port, it is the intent of the Legislature to provide the City and County of San Francisco and its port the widest latitude, within the framework of the infrastructure financing district law, to create and operate infrastructure financing districts in the manner that provides the optimal financing options to construct needed public facilities on public trust lands in order to meet the aforementioned goals of statewide significance. In order to adapt the provisions of Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5 of the Government Code, relating to

infrastructure financing districts, to these unique circumstances, this special act is necessary.

SEC. 2. Section 53395.8 of the Government Code is amended to read:

(a) This section applies only to the City and County of San Francisco and is effective as to any district along the San Francisco waterfront created in or after 2008. For the purposes of this chapter, San Francisco is a city.

(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that consolidating in a single public agency the responsibility to administer waterfront lands in San Francisco that are subject to the public trust and the ability to capture property tax increment revenues to finance needed public facilities in those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the State.

(c) For the purposes of this section, the following terms have the following and additional meanings:

(1) "Affected taxing entity" means a local, state or regional governmental unit other than San Francisco that is authorized to collect a portion of properties tax revenues within a district, and from which San Francisco proposes to use incremental property tax revenues to finance public facilities under this chapter.

(2) "Base year" means the fiscal year during which any infrastructure plan adopted under this chapter becomes effective.

(3) "Board" means the Board of Supervisors of the City and County of San Francisco, which is the legislative body for any district formed in San Francisco.

(4) "Debt" includes commercial paper and variable rate demand notes in addition to the obligations specified in Section 53395.1.

(5) "District" means any district created under this chapter, including any project area within a district.

(6) "Landowner" includes the port and any other public entity that owns land in a district formed under this chapter.

(7) "Port" means the Port of San Francisco.

(8) "Project area" means an area within a district formed under this chapter in accordance with subdivision (g) of this section.

(9) "San Francisco" means the City and County of San Francisco.

(d) In addition to the purposes and the public facilities authorized by Section 53395.3, a district subject to this section may finance:

(1) Environmental remediation of any real or tangible property in the district.

(2) Seismic and life-safety improvements to existing buildings.

(3) Rehabilitation, restoration and preservation of structures, buildings or other facilities having special historical, architectural or aesthetic interest or value and that are listed on the National

Register of Historic Places, eligible for listing on the National Register of Historic Places, individually or because of their location within an eligible registered historic district, or listed on a state or local register of historic landmarks.

(4) Structural repairs and improvements to piers, seawalls and wharves.

(5) Remediation of hazardous materials.

(6) Removal of bay fill.

(7) Stormwater management facilities, other utility infrastructure or public open space improvements.

(8) Shoreline restoration.

(9) Other repairs and improvements to maritime facilities.

(10) Planning and design work that is directly related to any public facilities or purposes to be financed under this section.

(e) A district formed under this section may include and finance public facilities on tidelands and submerged lands, including filled or unfilled lands, subject to the public trust for commerce, navigation and fisheries and the applicable statutory trust grant or grants. Facilities located on tidelands and submerged lands must serve and promote uses and purposes consistent with the public trust and applicable statutory trust grants. Facilities that increase access to, or use or enjoyment of, public trust lands will be deemed to be facilities of community-wide significance that provide significant benefits to an area larger than the area of the district.

(f) Facilities financed under this section must be public trust assets subject to the administration and control of the port, subject to the following exceptions:

(1) Facilities listed in paragraphs (1) through (4), inclusive, of subdivision (b) of Section 53395.3 or in paragraph (6) of subdivision (d) of this section that are not administered or controlled by the port, but are administered and controlled by another entity pursuant to a license from or an agreement with the port.

(2) Facilities on land located in a previously formed district that the port subsequently leases, sells or otherwise transfers to any person free of the public trust, the Burton Act trust and any additional restrictions on use or alienability created by the Burton Act transfer agreement, provided that the State Lands Commission has concurred in the lifting of trust restrictions on the transferred property, which will remain in and subject to the district.

(3) Facilities on land transferred to port jurisdiction after the Burton Act transfer.

(g) A district may be divided into project areas, each of which may be subject to distinct time limitations established under subdivision (h) of this section.

(h) For a district along the San Francisco waterfront, the requirements of this subdivision supplant and replace the provisions of Sections 53395.10 through subdivision (a) of Section 53395.20, inclusive. The Board may adopt or amend one or more infrastructure financing plans along the San Francisco waterfront according to the following procedures.

(1) The Board will initiate proceedings for the establishment of a district by adopting a resolution of intention to establish the proposed district that:

(A) States that an infrastructure financing district is proposed to be established and describes the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the Board.

(B) States the type of public facilities proposed to be financed by the district.

(C) States that incremental property tax revenue from San Francisco and some or all affected taxing entities within the district may be used to finance these public facilities, or, alternatively, that incremental property tax revenue from San Francisco but no other taxing entity within the district may be used to finance these public facilities.

(D) Directs the executive director of the port, or an appropriate official designated by the executive director, to prepare a proposed infrastructure financing plan.

(2) The Board will direct the clerk to mail a copy of the resolution to any affected taxing entities.

(3) The proposed infrastructure financing plan must be consistent with the general plan of San Francisco, as amended from time to time, and include all of the following:

(A) A map and legal description of the proposed district, which may include all or a portion of the district designated by the Board in its resolution of intention.

(B) A description of the public facilities required to serve the development proposed in the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description must include the proposed location, timing, and projected costs of the public improvements and facilities.

(C) A financing section, which must contain all of the following:

(i) A statement consistent with the requirements of Section 53396 of this chapter that specifies the maximum portion of the incremental tax revenue of San Francisco and of any affected taxing entity proposed to be committed to the district.

(ii) A limitation on the use of levied taxes allocated to and collected by the district providing that no less than 20 percent of that amount must be expended on shoreline restoration, removal of bay fill or waterfront public access to or environmental remediation of the San Francisco waterfront.

(iii) A projection of the amount of incremental tax revenues expected to be received by the district, assuming a period of 45 years from the base year of the infrastructure financing plan.

(iv) Projected sources of financing the public facilities to be assisted by the district, including debt to be repaid with incremental tax revenues.

(v) A limitation on the number of dollars of taxes that may be divided and

allocated to the district. Taxes may not be divided and may not be allocated to the district beyond this limitation, except by amendment of the infrastructure financing plan pursuant to the procedures in this subdivision.

(vi) A date on which the effectiveness of the infrastructure financing plan and all tax allocation to the district will end and a time limit on the district's authority to repay indebtedness with incremental tax revenues received under this chapter, not to exceed 45 years from the date of the Board's resolution of intent to issue bonds to be repaid with incremental tax revenues under this chapter. After the time limits established under this paragraph, a district may not receive incremental tax revenues under this chapter.

(vii) An analysis of the costs to San Francisco of providing facilities and services to the district while the area is being developed and after the area is developed and of the tax, fee, charge and other revenues expected to be received by San Francisco as a result of expected development in the district.

(viii) An analysis of the projected fiscal impact of the district and the associated development upon any affected taxing entity. If no affected taxing entities exist within the district because the plan does not provide for collection by the district of a portion of properties tax revenues allocated to any taxing entity other than San Francisco, the district has no obligation to any other taxing entity under this subdivision.

(ix) A statement that the district will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of the district.

(4) The proposed infrastructure financing plan must be mailed to each landowner in the district, other than the port, and any affected taxing entity for review, together with any report required by the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that pertains to the proposed public facilities or the proposed development project for which the public facilities are needed, and must be made available for public inspection. The report also must be sent to the planning commission and the Board.

(5) The port must consult and, if requested, meet with any affected taxing entity. Each affected taxing entity must review and approve or disapprove the infrastructure financing plan within 30 days of its receipt of notice and required attachments. Failure of an affected taxing entity to disapprove of the proposed infrastructure financing plan in writing within the 30-day period will be deemed approval.

(6) The Board must hold a public hearing regarding the infrastructure financing plan, which must be scheduled on a date no earlier than 60 days after the plan has been sent to each affected taxing entity or, in the absence of any affected taxing entities, no earlier than 30 days after the plan has been lodged with the clerk of the Board. Notice of the public hearing must be published not less than once a week for four successive weeks in a newspaper designated by the Board for publication of official notices in San Francisco or, if the Board no longer designates a newspaper for publication of official

notices, a newspaper of general circulation published in San Francisco. The notice must state that the district will be used to finance public works, briefly describe the public works, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district and state the day, hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the prior proceedings, may appear before the Board and object to the adoption of the proposed infrastructure financing plan by the Board.

(7) At the hour set in the required notices, the Board will proceed to hear and pass upon all written and oral objections. The hearing may be continued from time to time. The Board will consider any recommendations of affected taxing entities, and all evidence and testimony for and against the adoption of the infrastructure financing plan.

(8) Unless at least 12 persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, no election will be required to form the district, and at the conclusion of the hearing, the Board may adopt an ordinance adopting the infrastructure financing plan as drafted or as modified by the Board, or it may abandon the proceedings.

(9) If 12 or more persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, the Board must submit the proposal to create the district to the qualified electors of the proposed district in accordance with the procedures set forth in Section 53395.20 of this chapter before proceeding to consider an adopting ordinance.

(10) Any public or private owner of land that is not within an existing district but that has any boundary line located within 2,500 feet of a boundary of the district may petition the district for the inclusion of the land in the district without the need for an election. As a condition to inclusion of its land in the district, the petitioning landowner must acknowledge and agree that any portion of the land within 100 feet of the Bay Conservation and Development Commission shoreline (shoreline band) will include contiguous public access along the length of the shoreline band, improved and maintained to standards equal to adjacent waterfront public access ways on public property, as certified by the Bay Conservation and Development Commission.

(11) The ordinance creating a district and adopting or amending an infrastructure financing plan will establish the base year for the district. The Board may amend an infrastructure financing plan to divide an established district into one or more project areas, to reduce the district area or to expand the district to include a petitioning landowner's land by ordinance in accordance with the Board's established procedures. Any ordinance adopting or amending an infrastructure plan will be deemed an ordinance adopted under Section 53395.23 for the purposes of this chapter. Unless provided otherwise in the infrastructure financing plan, the port may use incremental tax revenues allocated to the port under this chapter for authorized facilities on any land under the administration and control of the port.

(i) In event of any conflict between the provisions of this section and any other section in this chapter, the provisions of this section control.

SEC. 3. Subdivision (a) of Section 96.1 of the Revenue and Taxation Code is amended to read:

(a) Except as otherwise provided in Article 3 (commencing with Section 97), and in Article 4 (commencing with Section 98), for the 1980-81 fiscal year and each fiscal year thereafter, property tax revenues shall be apportioned pursuant to this section and Section 96.2 by the county auditor, subject to allocation and payment of funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code and paragraph 3 of subdivision (h) of Section 53395.8 of the Government Code, to each jurisdiction in the following manner:

(1) For each tax rate area, each jurisdiction shall be allocated an amount of property tax revenue equal to the amount of property tax revenue allocated pursuant to this chapter to each jurisdiction in the prior fiscal year, modified by any adjustments required by Section 99 or 99.02.

(2) The difference between the total amount of property tax revenue and the amounts allocated pursuant to paragraph (1) shall be allocated pursuant to Section 96.5, and shall be known as the "annual tax increment."

(3) For purposes of this section, the amount of property tax revenue referred to in paragraph (1) shall not include amounts generated by the increased assessments under Chapter 3.5 (commencing with Section 75).

PORT OF SAN FRANCISCO

MEMORANDUM

March 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding the Controller's Audit of the Port's Purchasing and Inventory Processes

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

In the summer of 2006 Port staff requested the Controller's Office to conduct an audit of the Port's Maintenance Division's purchasing and inventory practices to determine whether the Port had adequate internal controls to prevent unauthorized purchases, if it is purchasing items at appropriate prices from appropriate vendors, and if it maintains an accurate inventory of its materials and supplies. The Controller's Office commenced its audit in January 2007 and completed it in February 2008. The final report will be issued by the end of this week in advance of the Port Commission's March 11, 2008 meeting.

In short, the Controller's Office found that the Port's Maintenance Division had multiple weaknesses in its purchasing, receiving, and inventory practices. The Controller identified 56 recommendations to improve accountability over purchasing, receiving, and inventory functions. Port staff reviewed the Controller's audit report and concur with all of the recommendations. Because of the complexity of some of the recommendations such as replacing the Port's Maintenance Management System (Avantis), we estimate it will take up to three years to implement all of the Controller's Office recommendations. We have already implemented some of the recommendations including (1) sending staff to an inventory class, (2) requiring vendor deliveries be made directly to the storeroom, (3) drafting purchasing and inventory policies, (4) initiating a needs assessment to replace Avantis, and (5) substantially completing a reconfigured parking lot to segregate personal vehicles from Maintenance vehicles, goods and supplies.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Representatives from the Controller's Office will present their audit report to the Port Commission at the March 11, 2008 Commission meeting.

Prepared by: Tina Olson, Deputy Director, Finance and Administration
Tom Carter, Deputy Director, Maintenance
John Woo, Fiscal Officer

PORT OF SAN FRANCISCO

MEMORANDUM

March 5, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of a Street Performer Program for the Fisherman's Wharf Area Commencing April 1, 2008.

DIRECTOR'S RECOMMENDATION: Approve the Resolution

BACKGROUND:
On October 9, 2007, Port staff made a presentation to the Port Commission on the development of a Pilot Street Performer Program for the Fisherman's Wharf area. Details are available on the Port's website at www.sfport.com under the headers, "Port Commission, Supporting Documents." On October 9, 2007 the Port Commission adopted Resolution No. 07-78 for a five-month Pilot Street Performer Program.

This memorandum informs the Port Commission of the current status of the Street Performer Program ("Program") and the Guidelines and Rules that address the changes suggested by the greater community. This memorandum also recommends that the Port Commission adopt the Street Performer Program for Fisherman's Wharf, effective April 1, 2008.

The Program contains reasonable time, place, and manner rules for street performers to aid in compliance with and enforcement of the Port Code. A copy of the Street Performer Program Guidelines and Rules (which have been adjusted during the Pilot Program) are appended hereto as Attachment #1. In response to the needs of the community and to address concerns of the Port, staff developed guidelines to enable and enforce the objectives of a Street Performer program as follows:

1. Ensure pedestrian safety and mobility on the sidewalk,
2. Reduce and control overly loud performances that interfere with nearby businesses,

THIS PRINT COVERS CALENDAR ITEM NO. 9A

3. Increase equity in site selection,
4. Allow the sale of performance-related products,
5. Reduce the Port's liability exposure, and
6. Increase tourist and performer traffic to the Fisherman's Wharf area.

A "Performer" is defined as an individual or group who performs in a public area for the purpose of providing public entertainment and/or self-expression. Performing shall not include: (1) the provision of personal services such as hair weaving or massage; (2) the completion or other partial creation of visual art; (3) the creation of visual art which is mass produced or produced with limited variation or (4) the creation of handcrafts, or (5) activities regulated by the SF Health Department. This list of exclusions is not intended to be exhaustive.

OUTREACH:
During the Pilot Program, Port staff received suggestions and complaints from participants, non-participants, and neighbors over the five-month period. They were identified, discussed and addressed at a Street Performer Workshop held by Port staff on February 28, 2008. A copy of the Workshop Matrix, with the proposed modifications to the Program, is appended hereto as Attachment #2. Several of these modifications have been included in the revised Program Guidelines and Rules as applicable.

BASIC PROGRAM OUTLINE:
Port staff has retained a two-tiered Program to address two separate issues: (1) to accommodate those performers who wish to perform on public property without any licensing requirements but with some reasonable limits on time, place and manner, and (2) to provide a licensing opportunity for those performers who wish to have scheduled, longer, and publicized performance times at designated locations.

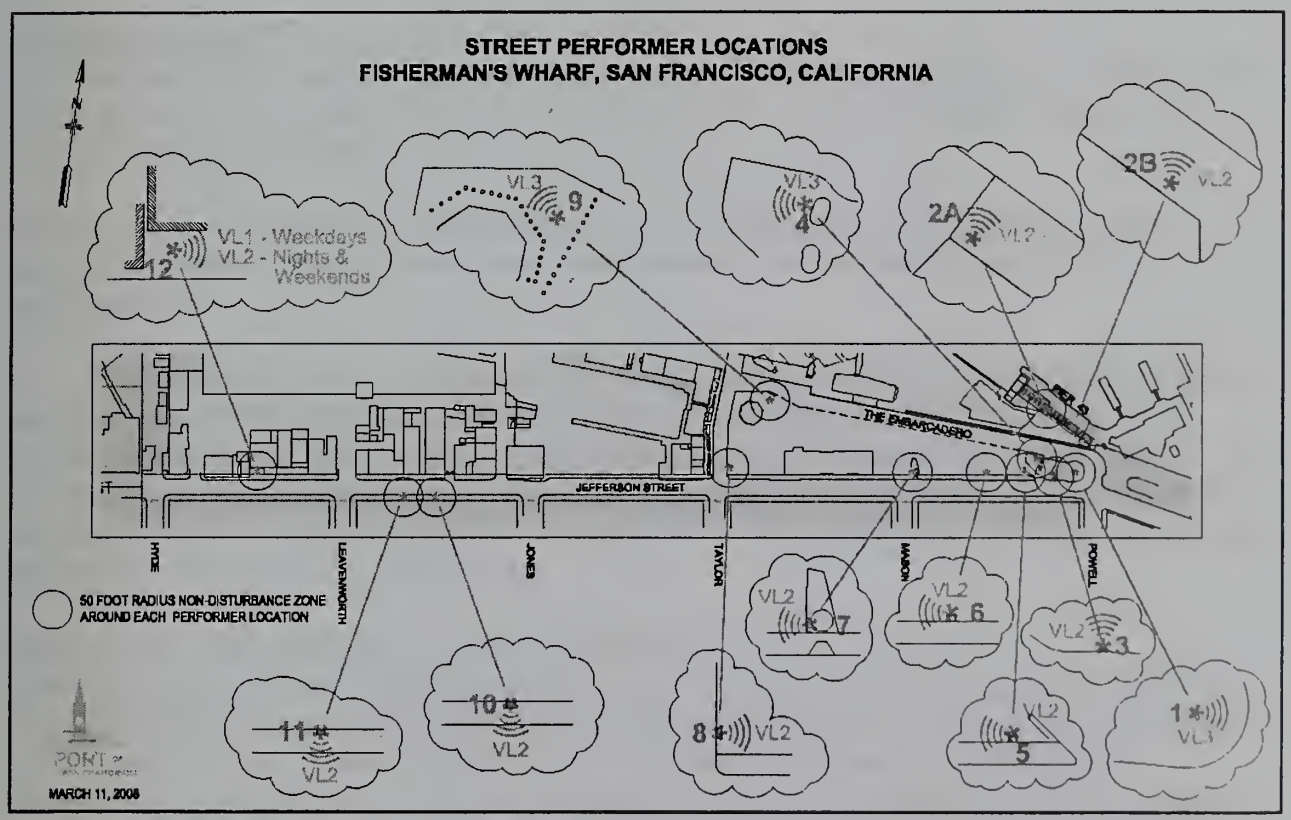
The Port's Program allows licensed performers to sell performance-related products. Issuance of the Street Performer License has stopped police from ticketing licensed performers who sell performance-related products, which has brought relief to many performers.

LOCATIONS:
Designated performance locations ("Locations") were identified to address the issues of allowable volume levels, size of performing group and audience, and sidewalk access for pedestrians. The Program enables Performers to schedule longer performance times in designated Locations (See Street Performer Locations Map on the next page). Performances at unauthorized locations must not restrict pedestrian access or interfere with businesses or performance Locations. A fifty foot (50') radius buffer zone is allowed to minimize interference with the performance in the designated Locations. The Program Guidelines and Rules further define the Program.

Not every designated Location is suitable for every type of performer. Businesses requested the shorter performance times of 1½ to 3 hours so their employees are not a "captive audience" to repetitive performers for more than three hours. There is no limit to the amount of time Performers can work between 10 a.m. and 10 p.m. They can move about as space suitable for their type of performance is available, whether or not they are licensed and whether or not it is a designated Location.

As the tourist season begins, a gradual increase in the number of Street Performers and pedestrians will better inform the specific needs of each Location, including the need to make adjustments to the size of each Location, allowed volume levels, and allotted performance times.

At the Workshop on February 28th, the community discussed modifications to the designated sites, the addition of another site, and other Program issues. See the revised site map below. Port Staff recommends that the Executive Director be authorized to add, delete, or modify locations or volume levels as needed. Any adjustment to volume would be limited to ten (10) decibels. Staff proposes that the Executive Director be authorized to make such location and volume adjustments only after posting the intended adjustment for five (5) days. Postings will be at the affected location, at the adjacent message board, and on the Port website, Street Performer section. Any appeals of such location and volume adjustments will be referred to two members of the Port Commission.



ADMINISTRATION:

Port Staff administered the Program during its five month pilot phase from November 1, 2007 through March 31, 2008. Port staff will continue its efforts to identify and fund a Program Administrator and enforcement monitor.

REVENUE AND EXPENSES:

During the pilot period, the Port received insurance certificates from 37 performers of which 18 performers obtained Street Performer licenses. The license revenue to date is $3,375. This revenue source will need to increase to fund a Program Administrator and/or enforcement monitor.

Revenues generated from the licenses will help offset the costs associated with a Third Party Program Administrator with two part-time enforcement monitors. Additional revenue sources will need to be identified to purchase equipment such as decibel meters and replacement signage. Staff anticipates issuing a couple dozen annual licenses and more monthly licenses during tourist season. Estimated gross revenues are not expected to exceed $15,000 annually. At this time the Port has not identified a Third Party Program Administrator. As the scope of work is defined, staffing options are formalized, and revenue sources are identified; Port staff will return to the Port Commission with a request for resolution to contract with a Program Administrator.

Port Maintenance installed message boards near each site that contain the Street Performer Location map, performance schedule, and Summary of Performer Guidelines and Rules. Each location is designated with painted marks on the pavement except Location #1 which has a large circle of pavers embedded into the concrete.

PERFORMANCES:

The Program is designed specifically for street performers. To distinguish street performers from street artists or other vendors, they are expected to perform without certainty that they will be compensated for their effort.

The Port, as the manager for public property, may not audition or qualify performers for participation in the Program. Some public areas may be completely off limits to public performances.

In order to obtain a License, the Performer(s) are required to carry liability insurance naming as additional insureds the following parties: the Port of San Francisco, the Third Party Administrator, and, if applicable, any Port tenant upon whose leased property they perform. The Port may allow certain tenants to restrict performances on the public access premises under their respective leases to insured Performers only, along with other restrictions, such as volume levels, based upon such tenants' business needs.

MONTHLY SCHEDULE SELECTION PROCESS:

Performances are allowed daily from 10:00 a.m. – 10:00 p.m. Two-thirds of the four (4) three-hour time slots are reserved for scheduled Performers, with performance times that commence at 10:00 a.m., 1:00 p.m., 4:00 p.m. and 7:00 p.m. The remaining times are available for unscheduled Performers up to 1½ hours if another Performer is waiting his or her turn. This means that for 13 designated Locations there are 238- 3 hour scheduled times per week for Licensed Performers and 252- 1½ hour unscheduled times per week for unlicensed Performers. A Licensed Performer will only be scheduled once a day.

Unscheduled time slots are available at each Location every day for Performers with and without licenses on a first-come, first-served (FCFS) basis. Performers must limit their unscheduled performance time to 1½ hours if another unscheduled Performer is waiting to perform. This means the unscheduled slots have at least two performance opportunities available, so there will be many opportunities for unlicensed Performers. A paper sign-up sheet is now posted at each message board to facilitate sharing unscheduled time slots.

ENFORCEMENT:
The Program Guidelines and Rules, if adopted by the Port Commission, apply to all Performers and are enforceable through the Port Code and other applicable Municipal Codes.

The information available from posting the Schedule and Rules at the sites and website(s) facilitates Performer compliance and informs visitors at Fisherman's Wharf. To aid in the success of this program, Port Staff recommends utilization of current Port security patrols and San Francisco Police Department officers to spot check that the Performer with a license has possession of their scheduled location at their scheduled time. Funding for Program-specific monitoring personnel has not yet been identified.

Licensed performers who violate the Program Guidelines and Rules may have their license suspended or revoked.

UPDATE ON COMPLETION OF ROLL-OUT SCHEDULE OF PILOT PROGRAM:
At the Port Commission meeting on October 9, 2007, the Commissioners adopted the Pilot Program. At that time, staff listed several tasks that needed to be completed during the five-month pilot phase. The list below provides an update on staff's progress.

- Developed the License, Application forms, badges and website,
- Obtained and installed message boards near each site,
- Completed defining locations on the ground (except Location #1 which has inset pavers that define the performance area),
- Processed Applications, reviewed insurance certificates, and produced 18 Performer I.D. cards,
- Held an informational training session with SFPD officers and Port Security in Program Guidelines and enforcement procedures,
- Conducted initial Selection Meetings every two weeks to accommodate new licensees,
- Posted Guidelines and Rules, schedule and map at designated Locations and website, and updated the schedule weekly,
- Answered dozens of inquiries from potential licensees,
- Monitored first scheduled performances at the designated Locations on November 1st,
- Practiced and streamlined the monthly schedule selection process,
- Reviewed alternate performance locations and identified and corrected location or volume-related issues,
- Solicited new potential Performer sites and added a new site #5 (see Performer map in Attachment #1)
- Conferred with Port Planning Division on uses of public access areas within tenant premises,
- Identified options to reduce Port's liability through other insurance programs including group policies,
- Developed blank scheduling calendars to facilitate the monthly scheduling process, and
- Continue to follow 9th Circuit Court case outcome of White vs. City of Sparks which relates to sale of performance-related artworks. If this case is reversed, the Port may elect to restrict sales to only licensed performers.

CONCLUSION:
The Program has received broad community support for achieving its major objectives. The five month Pilot program has served its purpose, allowing staff and participants to understand, implement, and improve the procedures and rules. Enforcement issues remain, however, over time Staff anticipates improved compliance through practice and acceptance.

RECOMMENDATION:
Port Real Estate staff recommends that the Port Commission adopt the resolution to implement the Street Performer Program and adopt the Program Guidelines and Rules at Fisherman's Wharf.

Prepared by: Claudia Davison, CPM, Property Manager
Katharine Arrow, Senior Property Manager
For: Susan Reynolds, Deputy Director, Real Estate

Attachments:

#1 Street Performer Program Rules and Guidelines
#2 February 28, 2008 Workshop Matrix

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-15

WHEREAS, Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port areas of the City and County of San Francisco; and

WHEREAS, The Port Code sets legal standards for conduct on Port Parks; and

WHEREAS, Activities by some street performers such as the sale of merchandise on public property, loud performances, and activities that compromise public access areas or endanger pedestrians now occur on Port property in violation of the Port Code and certain Municipal ordinances; and

WHEREAS, The San Francisco Police Department, Port staff and Port security providers desire more specific rules to cite or eliminate such activities; and

WHEREAS, To achieve these goals, the Port wishes to establish a process for authorizing the optional issuance of licenses for scheduled performances with longer performance times and sale of performance-related artwork; and

WHEREAS, The Port wishes to create designated Locations ("Locations") for equal access for all Performers to perform and sell performance-based artworks at designated Locations appropriate to the nature of their performance; and

WHEREAS, The Port wishes to provide Performer Locations where licensed Performers may schedule performances for allotted periods of time and perform without interfering with members of the public or businesses; and

WHEREAS, The Port wishes to provide pedestrians and businesses with the safety and comfort expected in association with the use of public property; and

WHEREAS, The Port wishes to establish maximum permissible volumes for each Location; and

WHEREAS, The Port wishes to reduce its liability by requiring liability insurance from those Performers who elect to obtain the licenses for scheduled performances; and

WHEREAS, The Port wishes to regulate scheduled performances in accordance with the Guidelines and Rules of the Street Performer Program attached to the Staff Report dated March 11, 2008, recommending the adoption of this Resolution; now, therefore, be it

RESOLVED, That the Port Commission hereby adopts the Fisherman's Wharf Street Performer Program ("Program") Guidelines and Rules pursuant to Section 2.1 of the Port Code as reasonable time, place, and manner rules for street performers in Port Parks; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to remove, relocate (within forty (40) feet), or add designated Locations after posting the intended relocation, removal, or addition for not less than five (5) days; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to modify the maximum permissible volume for any Location as currently stated in the Program Guidelines by not more than ten (10) decibels after posting the intended modification at the Location for not less than five (5) days; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to commence implementation of the Street Performer Program at Fisherman's Wharf and adopt the Program, Guidelines and Rules, including the issuance of Street Performer licenses, commencing on April 1, 2008, and be it further

RESOLVED, that the Port Commission hereby ratifies and approves all actions taken so far by the Port to establish and implement guidelines and rules for the Street Performer Program pursuant to the pilot program implemented on November 1, 2007.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 11, 2008.

_____
Secretary

Attachment #1 to Staff Report dated March 11, 2008

Port of San Francisco

Fisherman's Wharf ~~Pilot~~ Street Performer Program

Guidelines and Rules
Revised ~~9/07/07~~,**March 3, 2008,** Katharine Arrow and Claudia Davison

PROGRAM INTRODUCTION

The Port of San Francisco welcomes Street Musicians and Street Performers to Fisherman's Wharf. Live performances make a positive contribution to the culture and ambience of the Wharf. The **Port may delegate administration to a** Program Administrator ("Administrator") ~~is~~ responsible for the day-to-day management of the ~~program through an agreement with the Port~~**Program**.

The Fisherman's Wharf Street Performer Program ("Program") is a ~~pilot~~ program that will be modified or terminated as circumstances indicate. ~~The~~**A** pilot Program ~~will be~~**was** implemented **starting** November 1, 2007 ~~to~~**and will be completed on** March 31, 2008.
~~The first two months will allow for data collection and to develop experience managing the program. The second two months will be used to incorporate this information into the final program.~~ Upon approval by the Port Commission, the permanent program will go into effect April 1, 2008.

The Fisherman's Wharf Community ("Community") is comprised of ~~many people. It includes~~ merchants, restaurateurs, visitors (14 million per year), local residents, fishermen and fish processors, recreational boaters and swimmers, artists, performers, and local government. The program is designed with the Community's input and support. ~~We look~~**The Port looks** forward to ongoing participation and cooperation among all members of the Community.

The purpose of this Program is to manage the time, place, and manner of use of the designated performance ~~spaces~~**locations ("Locations")**. The following Guidelines are ~~set~~**established** to ensure fair and equitable access for all skilled performers while not interfering with the safe day-to-day ~~operation~~**operations** of the Wharf. The Port and Administrator reserve the right to restrict or schedule Performers and ~~performance locations~~**Locations** at any time.

This Program encourages all performers to participate in the Program. Street Musicians and Street Performers ("Performers"[1]), ~~licensed and unlicensed,~~ are not required to audition **or obtain a license** to perform at the Wharf. However, ~~they should~~**Performers may** not impede access to sidewalks, streets, or places of business. Performances may not disturb or interrupt local commercial businesses or other Performers. The Port assumes no responsibility for the content of the performances.

The Program serves Street Performers including musicians, mimes, magicians, jugglers, human statues, dancers, and other forms of expression and any other activity protected by the First

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[1] A "Performer" is defined as an individual or group who performs in a public area, for the purpose of providing public entertainment and self-expression. Performing shall not include: (1) the provision of personal services such as hair weaving or massage; (2) the completion or other partial creation of visual art; (3) the creation of visual art which is mass produced or produced with limited variation or (4) the creation of handcrafts, **or** (5) ~~or~~ activities regulated by the SF Health Department. This list of exclusions is not intended to be exhaustive.

Amendment. It does not include non-permitted merchandise vendors. Nor does it include Street Artists who already have a permit program with the SF Arts Commission. Use of the designated performance spaces is subject to the Program Guidelines and Rules as described further in this document.

The Freedom of Speech provisions of the First Amendment to the Constitution allow public agencies to control only the time, place, and manner of use of ~~the designated performance spaces~~**public areas**. Thus, it is not mandatory to obtain a license to express yourself on public property.

The Program works by managing a License or Permit and Monthly Schedule Selection (described on pg. 5) process whose participants agree to comply with the Guidelines and Rules. The Program covers Port lands between the western edge of Pier 39 to Hyde Street and from the southern side of the Jefferson Street sidewalk to The Embarcadero and the Bay.

Non-exclusive Use Licenses are issued to Performers by the Port or Administrator. Licensees are also referred to as Street Performer ~~Card holders~~**Cardholders**. The benefit of participating in the Program is that ~~Street Performer Card holders~~**licensed Performers** can schedule their performances at designated locations and perform for longer time periods.

Licensed Performers may participate in a Monthly Schedule Selection meeting for **the currently identified thirteen (13) designated Locations. There are** four 3-hour time slots each day at ~~the twelve (12) designated Performer Locations~~**each Location**. Based upon a seven day week, one-third of the time slots will remain unscheduled and available for unlicensed Performers. Unscheduled performances are limited to one and a half (1 ½) hours if another unscheduled Performer is waiting to use the Location. This allows ample opportunity for both performer groups, licensed and unlicensed, to perform. Each week there will be ~~224~~**238** 3-hour time slots for licensed Performers and ~~224~~**252** 1½ -hour time slots for unlicensed Performers. ~~Card Holders~~**Licensed Performers** may also use unscheduled Locations on a first-come first-served basis.

Unlicensed Performers may use designated ~~locations~~**Locations** on a first-come, first-served (FCFS) basis accessing those time slots remaining after the Monthly Schedule Selection process. The unlicensed Performers may not exceed the maximum decibel level for the location and are subject to all laws regarding obstruction of public right-of-way and noise ordinances. ~~If unlicensed~~ **Unlicensed** Performers ~~use designated performance Locations, they~~ are subject to the Street Performer Guidelines and Rules.

All Performers, licensed and unlicensed, must clear the performance area in enough time to allow the next Performer to begin setting up at the start of the time slot for which they are either scheduled or waiting to perform on a FCFS basis.

~~During the first two months of the program, the Schedule Selection meeting will be held twice a month. This will allow new performers who wish to join the program to be able to participate in the Schedule Selection process without having to wait up to a month to perform in scheduled Locations.~~

Designated ~~Performance~~ Locations ~~("Locations")~~ are categorized by volume of sound allowed, size of performing group and audience, and sidewalk access for pedestrians. ~~The Program enables Performers to schedule longer performance times in designated Locations.~~ Performances at ~~unauthorized~~**undesignated** locations must not restrict pedestrian access or interfere with businesses or ~~Performance~~**performance** Locations. ~~Street Performer~~**Fifty foot (50')** buffer zones ~~will be established to~~**around each performer** minimize interference with the

performance in ~~the designated~~**each** Location. The Guidelines further define the Program. See Table 1 and Street Performer Location Map for Locations and Volume information.

All Performers are subject to the provisions stated in these Guidelines. Schedules and Guidelines ~~will be~~**are** posted ~~at~~**near** each Location, on the Port's website, and possibly, on ~~the Administrator's website~~**other websites**. The schedule will be distributed to SFPD officers, Port security personnel, the Performers~~,~~ and the Street Performer ~~program administrator~~**Program Administrator**.

~~Upon the Port Commission's approval, (calendared for October 9, 2007) the Port will request that the Office of the City Attorney incorporate the provisions of the Fisherman's Wharf Street Performer Pilot Program into the Port Code to include all Port property. These changes to the Port Code will provide the enforcement tool to aid in compliance with the Program.~~

GUIDELINES FOR STREET PERFORMERS

Both licensed and unlicensed Performers, including groups, may perform at the designated Locations. Unlicensed Performers may use the unscheduled time slots but are required to observe the law and the Street Performer Guidelines and Rules.

Licensed Performer's Responsibilities
Scheduled Performers are required to follow the Guidelines and Rules and remain within designated ~~Performance~~ Locations. Performers should familiarize themselves with the Guidelines before performing at the Wharf. The ~~Guidelines~~**Rules** are attached ~~here~~**hereto** and are also available at www.sfport.com/~~streetperformers~~ ~~(pending)~~ **in the Real Estate section under Street Performers**. The message boards ~~at the~~**near each** Performance ~~Locations will post~~**Location contain** a summary of the Guidelines **and Rules**.

Group Definition and Parameters
This Program is designed for adults~~,~~**;** therefore licenses will only be issued to ~~adults. Active~~**individuals 18 years and older. Scheduled** Performers and ~~performance~~ groups must remain in the area marked on the pavement for performing. The size of the marked area will limit the amount of equipment and persons performing. Performance Locations will, on average, accommodate one to five persons and their equipment. Additional members may wait to perform outside of the marked area. Larger groups are acceptable within the marked area as long as pedestrian access and volume limits are maintained.

Each Performer must hold a separate insurance certificate even if they hold a group license, unless **they are able to get Port-approved** group insurance ~~becomes available in the future. Each license~~**. The license for an entity such as a church or school will require written consent of the organization. Groups may include family members under 18 years old. The Application** will list the names of the group members. One license is allowed per group. **The primary group leader will receive a license and photo ID badge. All secondary group members must obtain a group ID badge for an additional charge of $10 per badge without photo or $25 per badge with photo. Badge purchases are a one-time charge, not a monthly expense. Licensed performance groups must always have the primary group leader present during scheduled performances.**

Scheduled performers may not reserve first-come first-served ("FCFS") time slots immediately following their scheduled performance. However, if no other unscheduled Performer is present to use a FCFS space, the Performer or group or members of the group may continue performing at that location. If this process is abused by group Performers, the Port may place restrictions on group uses. Individual license holders may not reserve additional space through the Schedule Selection process for group performances. Group license holders may not allow uninsured Performers to perform during their scheduled time. Use of unscheduled locations by both insured and uninsured individuals and groups is allowed.

Street Performer Licenses

Applications are available on line at www.sfport.com/~~streetperformers/application (pending)~~Real Estate/Street Performers. Complete ~~applications include~~**Applications including** a photograph for **the** ID **badge**, payment and proof of insurance**,** must be submitted by 5:00 p.m. on Thursday before the Tuesday Schedule Selection meeting. Check the Key Dates Calendar posted on the Port's website ~~under Street Performers~~. Licensees will receive a Street Performer Card showing that they are **licensed** participants in the Program. ~~See attached application and checklist (pending).~~

Individuals who do not have a Street Performer Card may perform during the available unscheduled time slots but will be required to observe the law and the Street Performer Program Guidelines and Rules.

Sales

Licensed Performers may sell recordings of their music or other performance-related products **and artwork** using a display area no larger than **six (**6**)** square feet**,** which must be ~~location~~**located** within the marked ~~Performance~~**performance** Location. A performance-related product is any product that directly relates to the performance and **is** created by the Performer. The product may be priced at the discretion of the performer. The price must be disclosed to the audience in advance of selling the product. If an audience member decides not to purchase a product, the Performer must respect that person's decision and not harass the person or require the sale. **No other product(s) may be sold. Performers must be aware that other federal, state, and local laws may apply to their activities and sales, including without limitation, local, state, and federal tax laws. It is each Performer's sole responsibility to ensure that it they are familiar with and comply with such laws.**

License Benefits

A Street Performer Card grants Performers scheduled, publicized, longer performance times at designated ~~locations~~**Locations**, use of controlled sound amplification~~,~~ and, with the Port's written authorization, use of controlled performance materials and power generators.

Street Performer Card

Licensees will be issued a Street Performer Card which provides identification confirming their status with the Port and which must be worn or displayed conspicuously by Performers during their scheduled performance.

Schedule

Licensees may participate in a Monthly Schedule Selection process ~~which~~**that** allows them, on a rotation-basis, to select the **date,** time**,** and location where they want to perform. The scheduled performances are posted **near each Location, as well as** on the Port and

possibly ~~the Administrator~~**other** websites ~~as well as at each Performance Location~~. Performers may create a link to their ~~websites~~**website** so that visitors will know when and where they are performing. Street Performer ~~Card holders~~**Cardholders** in good standing (current with license requirements such as fees and insurance, no citations) with the Port and Administrator, may be given scheduling priority for applicable neighborhood-wide special events.

Volume
The Port's Street Performer license replaces the S.F. Entertainment Commission's Loudspeaker Permit for use at designated Locations only.

License Fees
A Street Performer License is $50 per calendar month or $500 per ~~calendar year.~~**year with evidence of applicable liability insurance coverage. This fee structure was based on the cost of an annual Peddler's Permit and Street Artist permit issued by the City and County of San Francisco.** Performers may pay for each month on or in advance of the ~~scheduled~~ Schedule Selection meeting. Personal checks and cash are accepted. Checks returned for insufficient funds will result in suspension of the License, restriction from use of personal checks for a period of six months~~,~~ and all other actions permitted by law. **Fees are non-refundable unless approved by the Port's Director of Real Estate at his or her sole and absolute discretion.**

Performers must have a complete approved ~~application~~**Application** with proof of insurance on file to participate in the Schedule Selection process. The deadline to submit an application and insurance is 5:00 p.m. on the Thursday before the Tuesday morning Schedule Selection Meeting. Licenses may not be sold or transferred. The sale or transfer of a license will be cause for the immediate cancellation of the license.

Insurance
Licensees (Street Performer ~~Card holders~~**Cardholders**) will be required to carry Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for Personal Injury, Broadform Property Damage[2]. All policies must list the City and County of San Francisco, the San Francisco Port Commission and their respective officers, directors, agents and employees and ~~the Administrator as~~**other** Additional Insureds~~. See attached~~ **as determined by the Port. A** sample certificate of insurance ~~(pending)~~**can be downloaded from the Port's website**.

Monthly Schedule Selection Process
The Port and/or the Administrator or its representative will conduct a monthly meeting to allow licensed Performers to schedule performances. The Monthly Schedule Selection ~~will be held~~**Meetings are scheduled** at 10 a.m. **at Pier 1** on the third **or fourth** Tuesday of each month **(approximately 4-10 days prior to the start of a new month)** to create the performance schedule for the next month. The ~~meetings will initially be held at Pier 1 for Performers with current Street Performer Cards. If the third Tuesday falls on a major holiday, the Monthly Schedule Selection will be scheduled for the third Thursday of the month. The first two months of the Monthly Schedule Selection will be held twice a month until four rounds of Schedule Selection meetings have been held. Then the Monthly Schedule Selection schedule will go into effect. Please see Street Performer Scheduling~~**time and location may be changed**

[2] Some performers have succeeded in getting this insurance at an annual rate averaging $190 from **Performers of the US**. The Port and Administrator do not endorse this coverage. This information is provided for reference only.

in the future with adequate notice. Please see Key Dates Calendar on the website ~~(pending)~~ for specific **locations,** dates and times **on the website**.

All Locations **for each month** will be scheduled concurrently, starting with the first week, then the next **week** and so on. Street Performer Card holders may be represented by proxy, as authorized in writing by the Performer. During the Schedule Selection meeting, slots may be traded between Street Performer ~~Card holders~~**Cardholders**, or an authorized proxy, to accommodate their schedules. **Current (paid and insured) licensed Performers that miss the meeting may call the schedule Administrator within 24 hours after the meeting to select their schedule for the remaining time slots.** Once the Schedule Selection is closed, no adjustments will be made to the posted schedule. ~~However, licensed performers~~**The Port reserves the right to modify this procedure at its sole and absolute discretion.**

Performers are not required to participate at the Schedule Selection meeting every month. As long as the Port or Administrator **holds a valid application and insurance, Licensees can purchase their license for only the month that they wish to participate in the Schedule Selection process. Purchasing the monthly license may be done prior to the start of the scheduling meeting. The Performer's name will continue to be on the Rotation List whether or not they have bought a monthly license. If a Performer does not wish to participate in a Scheduling Meeting their name is skipped during the scheduling for that month and the sequential order of names is retained.**

Licensed Performers may trade (not sell) time slots amongst each other. No one may ~~trade~~**sell** first-come first-served (FCFS) unscheduled time slots. The **posted Schedule and** websites will reflect the ~~schedule~~**Schedule** created at the Monthly Schedule Selection meeting. It will not be updated to reflect any post-Schedule Selection schedule changes~~. Please notify the Port or Administrator by e-mail or other written notice signed by each Performer involved in a trade of scheduled performance times prior to the earliest of the traded performance times. The Port will disallow the trading of time slots if the Port determines that the practice makes enforcement of the Guidelines and Rules, and licenses difficult. The very first Monthly Schedule Selection will begin with a drawing of all participants' names to determine Schedule Selection rotation order. A list will be created with the name of the Performers in the order in which they will select time slots. Once the list is established, each person will select one time slot appropriate to his or her size and volume, beginning with the first person on the list sequentially through the last person on the list. Each Monthly Schedule Selection will be adjusted so that the person who had their name at the top of the list will then be moved to the bottom of the list. This will allow for a fair rotation. Participants joining the Program after the first Monthly Schedule Selection will have their names added to the bottom of the list~~.

Licensed Performers will be scheduled for only one time slot per day. They may still use the unscheduled sites if no unlicensed Performers are waiting to use the unscheduled time slot. As each Location reaches the allowed scheduled capacity, the remaining time slots for unscheduled performers will be blocked out for access by unlicensed Performers. For example, Location #1 allows scheduled licensed performances up to 75% of the available time slots. Once 75% is scheduled (21 out of 28 slots per week), the remaining slots will be marked as available on a first-come first-served basis for unlicensed Performers.

The schedule will be posted on a message board ~~at~~**near** the designated ~~locations~~**Locations** and on the Port's website, www.sfport.com/~~streetperformer/schedule~~ ~~(pending)~~. The schedule will include a disclaimer that "Schedule and Performers may change without notice."

Hours and Occupancy Practices

No performances are allowed before 10 a.m. or after 10:00 p.m. Performances are scheduled at each Location for four (4) three-hour performance slots every day from 10 a.m. to 1 p.m.,1 p.m. to 4 p.m., 4 p.m. to 7 p.m., and 7 p.m. to 10 p.m. Each act must ~~to~~ cease performing soon enough to clear the space for set-up by the following act by the designated start time if the next ~~performer~~**Performer** has arrived. This rule applies to all Performers**, licensed and unlicensed**.

Scheduled Performers may continue performing into an unscheduled time slot until another Performer, licensed or unlicensed, arrives. The Performer must vacate the Performance Location within fifteen (15) minutes to accommodate the newly arrived Performer. Scheduled Performers ~~must~~ forfeit their time if they arrive 30 or more minutes late. Unscheduled Performers occupying this scheduled site must leave immediately if the Scheduled Performer arrives within the 30 minute **grace** period.

FCFS time slots are available in 1 ½ hour increments starting at the beginning of a time slot. For example, if no licensed Performer is scheduled for the 1 p.m. time slot, a FCFS Performer may perform from 1:00 to 2:30, a second FCFS performer would then perform from 2:30 to 4:00 p.m.

Volume Limitations and Methodology for Measuring Sound

~~A~~**One** goal of the Program is to keep sound levels within normal comfort levels between 10:00 a.m. and 10:00 p.m. The ~~following~~ sound limits**, referenced on map (see p. 8),** were established based on decibel readings recorded on August 23, 2007, by a volunteer task force of performers, an SFPD patrolman, members of the business community, Port staff~~,~~ and the City's Entertainment Commission's sound inspector. The maximum sound limit is specific for each site with an average of 15 decibels over ambient sound. The Street Performer license replaces the SF Entertainment Commission's current Loudspeaker Permit requirement.

Sound is measured by decibels (dB). All Locations have a baseline ambient sound level reading, which is the average level of street noise without the Performers. Ambient sound levels will spike as a large truck or other source of loud noise passes by. Baseline ambient readings will be made when spiking influences are not present.

Proximity to the sound source has a large bearing on the outcome of the measurement of decibels. Source readings will be taken fifteen (15) feet from the source of sound, most often the instrument or amplifier speaker. Volume may not exceed the maximum dB specified by these Guidelines for any location (see levels VL1, VL2, and VL3 described below. **)**

Live music performances have a far wider range of decibel readings than recorded music. Thus, the allowed decibel levels include an average and a maximum reading. This range will help allow for freedom of expression while providing a measurable tool for enforcement. Common sense and a 'good neighbor' ~~attitude~~**behavior** should prevail in sound level assessments. The Street Performer Locations Map shows the required direction to ~~position~~**aim** amplifier speakers. This is to minimize sound impacts to nearby businesses **and other performance Locations**. If maximum levels are determined to be too high or too low at the Location, the levels ~~will be reconsidered on or around December 1, 2007 and after the pilot period~~**may be revised by the Port's Executive Director**.

In many cases the appropriate volume will be lower. Performers recognize that it is in everyone's best interest to keep the volume at a level that does not ~~interfere with~~**disturb** visitors or businesses. If the SFPD, Port ~~Staff,~~**staff** and/or Administrator determine the performance to be too loud, disruptive, or in any way unsafe, the Performer will be required to lower the volume or cease their performance.

Locations and Volume Levels

~~Licensed~~**Scheduled** Performances may take place only in the areas designated on the Street Performer Location Map. Each Location ~~will be~~**is** identified by signage and ~~will be~~**is** marked on the pavement. Performers must contain their use to the marked area. Performances at unauthorized locations must not restrict pedestrian access, interfere with ~~licensed~~ businesses, or compete with the Performers at the designated ~~Performance~~**performance** Locations. All unauthorized locations have a Volume Level 1 rating and may not exceed 73 decibels.

The Port ~~may establish~~**requires fifty foot (50')** buffer zones to minimize interference with the performance in a designated Location. The Port may add, remove~~,~~ or alter designated Locations as deemed necessary ~~by the Port. See Table 1.~~. The success and appropriateness of each site ~~will~~**may** be re-evaluated ~~in the Spring of 2008 to see if Locations should be~~ added, removed~~,~~ or altered **by the Port's Executive Director**.

Locations are determined by noise level and size of performing group appropriate to the area. Each location is considered on its ability to accommodate performers, audience~~,~~ and ~~passers-by~~**pedestrians**. The sidewalks must remain accessible for pedestrians and in ~~a manner that is in~~ compliance with all disability access laws. ~~Passers-by~~**Pedestrians** must not be forced into the roadway in order to circumnavigate the Performers or the audience**. Performers must control their audiences in order to accommodate passers-by**.

Performers are expected to work cooperatively with each other to ensure that each Performer gets a fair chance to perform in the various locations appropriate to their type of performance.

'Volume Level One' ("VL1") is for Performance Locations with a volume level average of 73 dB, not to exceed 79 dB_A and is deemed appropriate for quiet performers such as mimes, storytellers, magicians, human statues, acrobats, jugglers, clowns~~,~~ etc.

'Volume Level Two' ("VL2") is for Performance Locations with a volume level average of 79 dB_A not to exceed 84 dB_A using no or low sound amplification, but which ~~generate~~**generates** some sound volume that may negatively impact the community if performed in a VL1 site. These are good sites for human statues with quiet background music, variety acts using voice amplification~~,~~ and musical performers.

'Volume Level Three' ("VL3") is for Performance Locations with a volume level average of 84 dB_A not to exceed 89 dB. These are good sites for individuals and/or groups with higher volume.

Each location is rated on a scale of One to Three. A quiet Performer can work in a 'VL1', 'VL2' and 'VL3' location. This means that Locations accommodating the loudest and largest "VL3 " users are available to all performers.

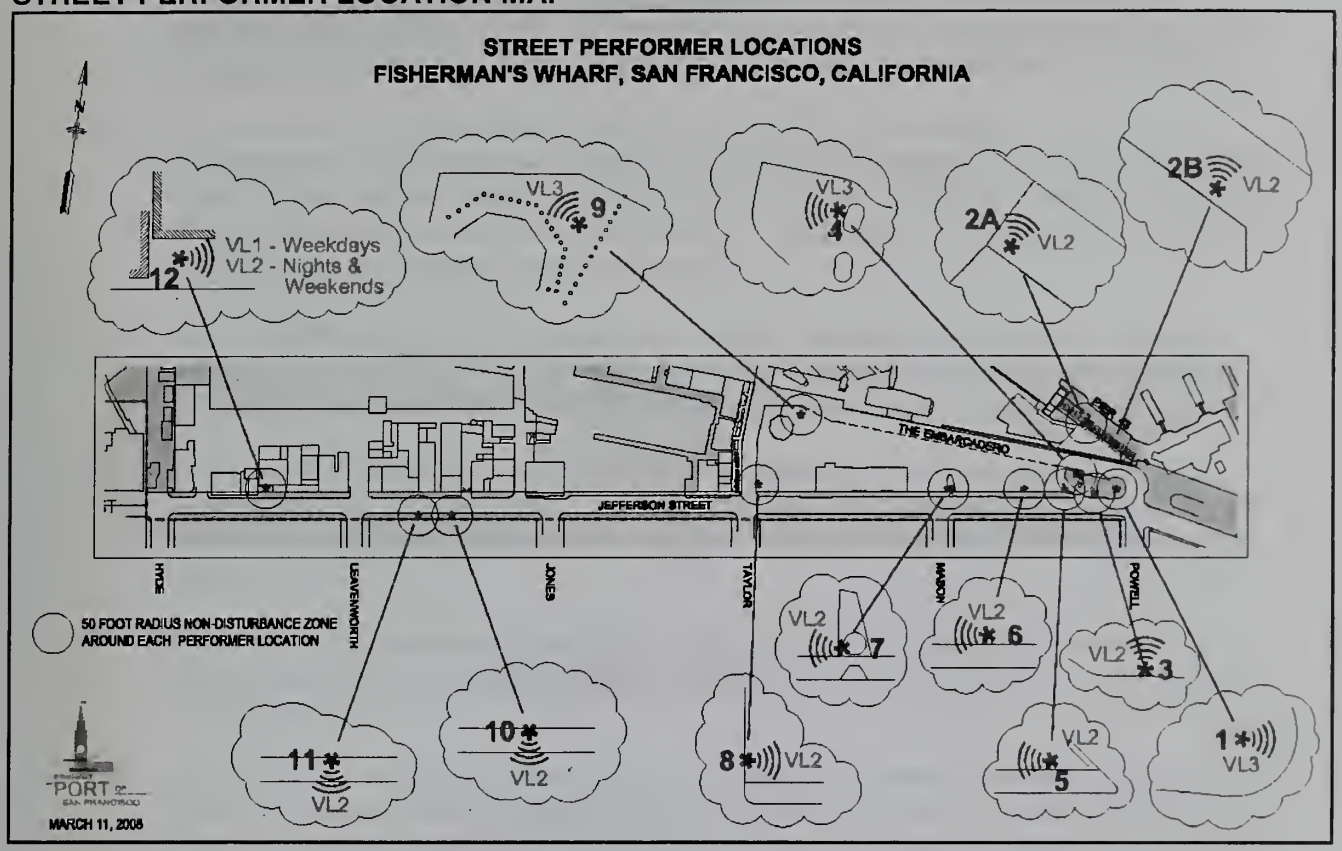
Some locations have specific sound restrictions to ensure minimizing ~~and~~**a** discordant crossover effect. Performers need to be familiar with these restrictions when selecting their schedule.

TABLE 1- Locations and Volume Levels

Overall, two-thirds of the time slots will be made available to licensed Performers and one-third to unlicensed Performers

Location- See map on next page	Permitted Volume Level
#1- "The Circle" East end of Triangle Parking Lot, at ~~Little~~**The** Embarcadero and Powell St.	1-2-3
#2**A**- NW corner of Pier 43	1-2-~~3~~
#~~3~~2**B**- SW corner of Pier 43- (voice amplification only, no ~~amp'd musical instruments~~**music if #2A is performing music**)	1-2
#4**3**- North side of Jefferson ~~at Bench Pocket (west~~**east** of ~~Location #1)~~**driveway into the Triangle Parking Lot at curbside**	1-~~2-3~~
#5**4**- West of **the northern** DeCaux ~~bathrooms (VL2 restriction- okay if no musical performer at #5)~~ **bathroom**	1-2-~~restricted-~~**3**
#5- West of the Jefferson Street driveway into the Triangle Parking Lot.	**1-2**
#6- North side of Jefferson, between Powell and Mason	1-2
#7- North side of Jefferson across from Mason Street	1-2
#8- NE corner of Jefferson at Taylor, ~~at~~**north of** the Crab Sign	1-2
#9- ~~NW~~ **NE** corner of Octagon Building near Taylor and ~~Little~~**The** Embarcadero	1-2-3
#10- South side of Jefferson, at open area ~~**center of**~~**facing the** Anchorage Courtyard	1-2
#11- South side of Jefferson, ~~at open area **northwest of**~~**west of the** Anchorage~~/~~ Courtyard	1-2
#12- Lot across from ~~the~~**The** Cannery, ~~by~~**between** office and driveway	1 on weekdays until 7 pm, 1-2 all other times

~~STREET PERFORMER LOCATION MAP~~



STREET PERFORMER RULES

1. All elements of the ~~above stated~~**Street Performer** Guidelines are incorporated into these Rules.

2. Entertainment should be appropriate for ~~an audience~~**audiences** of all age groups and walks of life in a public setting and in accordance with local laws.

3. There shall be no charge for performances ~~and money~~**. Money** given for the performance shall be on a donation only basis. It is expected that Performers will be performing whether or not they receive compensation for their performance. Performers may not charge a set fee for their ~~services~~**performance** or use aggressive measures to solicit donations. ~~Aggressive collection behavior involving harassment or intimidation of any person is subject to enforcement of applicable SF Police codes. Complaints by the Community will be kept on file by the Port or Administrator and may be used as evidence in disciplinary actions.~~

4. Aggressive collection behavior involving harassment or intimidation of any person is subject to enforcement of applicable SF Police codes. Complaints by the Community will be kept on file by the Port or Administrator and may be used as evidence in disciplinary actions.

5. Performers may sell recordings of their music or other performance-related **artwork,** using a display area no larger than six **(6)** square feet within the

designated **performance Location. Suggested donations and prices for performance-related products must be conveyed to the prospective buyer in advance of delivery of the artwork. No unrelated merchandise is permitted.**

6. ~~4.~~ Performers are ~~directly~~ responsible for controlling their audience and performance area~~. This means~~ **including, but not limited to,** keeping the sidewalk clear for pedestrians, keeping the audience out of the street~~,~~ and properly disposing of any waste or debris after the performance. Enforcement officials may stop the performance to clear the area if necessary.

7. ~~5.~~ The SFPD, Port security patrols and/or Administrator will monitor that Street Performer Card holders have ~~possession of~~**access to** their scheduled location at the commencement of their scheduled time on an ad-hoc basis.

8. ~~6.~~ A performance in any Location must not exceed the time designated on the ~~Posted~~**posted** Schedule of Street Performances if another Performer is waiting to perform ~~unless previously approved by the Port, Administrator, or their designated representative~~.

9. ~~7.~~ Unscheduled ~~locations~~**Locations** and times are available to Performers appropriate to each ~~site~~**designated Location** on a no-fee first-come, first-served (FCFS) basis.

10. ~~8.~~ Time slots available as FCFS may be used by Licensed Performers (Street Performer ~~Card holders~~**Cardholders**) if no other Performer is waiting. The FCFS time slot allows for two performances, each up to 1 ½ ~~hours in duration. Licensed and Unlicensed~~ **hours in duration. The first performance would start on the hour and the second performance begins 1 ½ hours later. If a Performer starts performing late, they must still surrender the Location when the next performance time slot starts. Licensed and unlicensed** Performers must follow the allotted time limit of 1 ½ hours if another Performer is waiting to perform during the second portion of the performance time slot. Alternatively, Performers may also take the second portion of the time slot if no other Performer is waiting.

11. ~~9.~~ Under no circumstances may a **license or** time slot be 'sold' or 'rented' **or 'loaned'** to any other licensed or unlicensed Performer. Licensed Performers may trade time slots~~, but must notify Port/Administrator in writing 24 hours in advance of the planned change. Violation of this rule is subject to immediate termination of the License.~~ **but that change will not be reflected on the posted Schedule.**

12. Scheduled time slots must be claimed by the scheduled Performer within thirty (30) minutes of the scheduled start time. Unclaimed scheduled time slots are forfeited and become FCFS time slots. The next scheduled start times of 10 a.m., 1 p.m., 4 p.m., and 7 p.m. will not change regardless of when an unscheduled Performer starts their performance.

13. Performances outside of the designated Locations must be fifty feet (50') from designated Locations and are limited to Volume Level 1. All other rules apply regarding access, safety, displays and non-interference with others.

14. ~~10.~~ All equipment must remain under the control of the Performer or designee. No equipment shall be left unattended for any length of time, nor shall equipment

reduce pedestrian access. Abandoned equipment deemed a Homeland Security risk may be confiscated or destroyed.

15. ~~11.~~ No Performer shall use any object **or engage in activities** likely to cause harm to the Performers, the public, **personal** or Port property **or the environment**. This may include knives, guns, swords, torches, flames, axes, saws, aerosol spray cans~~,~~ or other objects ~~in a manner~~ that can cause ~~serious~~ bodily injury ~~to any person, or engage in any activity that can cause serious bodily injury to any person~~. Licensed Performers with specific risk insurance coverage may be permitted to use these objects, ~~requiring~~**with** the Port's prior written permission. ~~Port retains right to deny permission.~~ Under no circumstances will flames or other spark-producing ~~device~~**devices** be permitted on or near any flammable ~~structures or piers.~~ **structure or pier. Approval is at the sole discretion of the Port and may be revoked at any time.**

16. ~~12.~~ Performers using gas generators must be licensed and carry the specified liability insurance as described in the Guidelines. Performers may not fill or refill any gas powered generator on Port property, use wet cell battery (~~s~~**sies**) with removable fill caps, or any other power source that poses a fire or public safety hazard. Sealed, maintenance-free batteries are permitted.

17. ~~13.~~ Performers may not use gas powered generators at Locations #2, 3, 10, 11, or 12.

18. ~~14.~~ No Performer shall connect or maintain an electrical cord to an adjacent building or to a City or Port power source.

~~15. Performers may sell recordings of their music or other performance-related products using a display area no larger than six square feet within the designated Performance Location~~

19. ~~16.~~ Performers may not perform in driveways or streets.

20. ~~17.~~ The Guidelines for Street Performers and the Monthly Performance Schedule ~~will be~~**are** posted on a message board ~~at~~**near** each performance location and on the Port's web site, www.sfport.com/~~streetperformers~~ **Real Estate/Street Performers** and possibly ~~the Administrator's website~~**other websites**. Performers are expected to check it on a regular basis for changes in rules, information on scheduled events~~,~~ and announcements about the Program.

21. ~~18.~~ Performers must wear or display their Performer Card for easy identification by enforcement personnel. Wearing or displaying a counterfeit or out-of-date Street Performer Card will be cause for immediate removal from the Performance Location, possible warning or citation as applicable~~,~~ and may result in the denial of a future Street Performer license.

22. ~~19.~~ A total of three (3) reprimands or citations within a one-year period for failure to comply with any of the Guidelines and Rules ~~for Street Performers~~ upon Port confirmation of the infraction(s) may be cause for suspension of the Street Performer License for the remainder of the month and for an additional one month period. No pro-rata refund will be made for the remaining term of the License. Three subsequent reprimands or citations will result in removal from the Program for a six

month period. Revocation of the Street Performer license may be appealed pursuant to rules and procedures in the Port Code.

23. ~~20.~~ Performers must comply with all laws. Violators are subject to removal from Port property and/or citation from the San Francisco Police Department. ~~Performers must not perform in the street.~~

24. ~~21.~~ The Port and Administrator reserve the right to take and publish photographs **and recordings,** which **may** include ~~the images of street performers~~**Street Performers**.

Attachment #2 to Staff Report dated March 11, 2008.

Results of Street Performer's Workshop, 2-28-08 Fisherman's and Seaman's Memorial Chapel			
Item	Changes suggested by the Community	Discussion	Modification
1	Site #1; mark specific area	Performance area marked with pavers.	Keep as is.
2	Site #2 & #3; consolidate & relocate.	Performers preferred complementary VL2 performers who play to crowds queued for ferryboat ride.	On hold. Larger discussion about allowed uses in public access areas.
3	Site #4 (renumbered to #3); eliminate or make VL1.	Conflicts with #1 when two "loud" groups are side by side.	Keep #1 VL 3; aim amplification east. Reduce #4 (renumbered to #3) to VL2.
4	Site 4A west of driveway (renumbered to #5).		Add site #5 at VL2; aim amplification west.
5	Site #5 (renumbered to #4); move closer to toilets.	Toilets deflect sound from #1 and improve pedestrian access to walkway.	Move site so performers' backs are up against the northern J.C. Decaux toilets. VL3.
6	Site #6	Poor street lighting and cleat obstruction.	Lighting improvement may not be feasible. Retain symmetrical security barricade for parking lot. Expand footprint of Performer area.
7	Site #7; move north onto the raised platform.	This is within the Triangle Parking Lot area. Raised area would require ADA compliance—not feasible.	None.
8	Site #8; expand or move to the south.	Enlarge area up to fire hydrant. Move to area under ship's wheel at Jefferson and Taylor.	Enlarge area to fire hydrant. Bird droppings and pedestrian interference if performers are under the big sign.
9	Add a site at East Wharf Park.	On hold.	On hold. Larger discussion about allowed uses in public access areas.
11	Add more sites/undesignated locations.	The First Amendment allows expression on public property, but not if it disturbs others (loud volume levels, limits access to a business, pushes pedestrians into the street, illegal activity, etc.).	Added site #4A (renumbered to #5), which we may be able to enlarge. Adding more designated spaces along north side of Jefferson to drive out gamblers & illegal vendors may cause sound interference between proximate performers and not solve that problem.
12	Undesignated locations.	All Performers, unlicensed, unscheduled and otherwise, may use undesignated locations as long as they are not interfering with anyone else. This restriction also applies to businesses projecting loud noises outside their facility.	None.
13	Selling performance-related products.	At this time all Performers may sell performance-related products (CDs, etc.) (See White vs. City of Sparks) but not	The Port license has stopped police ticketing of performers selling related products.

		unrelated merchandise (jewelry, etc.). If the courts reverse that decision, only Port-licensed Street Performers may sell performance-related products.	SFPD's permit expert stated that unlicensed persons selling merchandise are in violation of MPC 869 and subject to ticketing. This violation may be upheld now that a license is available.
14	Split schedule to show 1.5 hour increments.	Unscheduled slots are 1.5 hours [starting on the hour] and repeating 1.5 hours later. Performers may continue performing if no other unscheduled person is waiting to perform at that site. Unscheduled performers must relinquish site to scheduled performer at the time of the scheduled performance.	Some problems remain with unlicensed persons abusing the Program with intimidation and unfair FCFS practices. Licensed performers may also put their names on the sign-up sheet for unscheduled performance times. Proposal to have FCFS-exclusive sites would defeat equal access requirement.
15	FCFS performers waiting their turn.	Standing in line waiting their turn wastes time; use of sign-up sheet requires honoring the list.	Provided an expanded Schedule for a sign-up sheet at each performance space.
16	Spray paint artists.	Spray paint artists are not allowed. No license is available.	Presentation by spray paint artists; they are developing a device to protect people and the environment. There will be an on-site test with Port Environmental staff and SFPD. Current text in Guidelines allows Port to approve or deny.
17	Hazardous objects.	Licensed performers with specific insurance may use various types of objects with the Port's prior written permission (juggling knives, flames) but not near flammable surfaces. Unlicensed performers may not use any object or product that could harm people, personal property, Port property or Bay waters.	No change.
18	50' buffer zone.	This is in place to accommodate the First Amendment and limit performers interfering with each other's performance.	No change. Some performers consider other nearby acts a complement rather than competition to their act.
19	Scheduling meeting: start each month with the next person on the list (#1, #2, #3, etc.).	Fairer distribution of performance preferences. If next person is absent that month they miss their turn. (If "March" person is absent and "April" person begins March schedule, does "April" person start scheduling for April?).	The Rotation List was established at meeting #1 and new licensees are added to the bottom of the list. Each month only some performers pay the fee to be scheduled for that month. The next performer on the list who qualifies for scheduling (i.e., their permit is current & fee paid) gets first pick for the 1st week of the

		A blank scheduling calendar will be distributed at each scheduling meeting. Performers should fill in their personal schedules in advance in order to expedite the performance scheduling process for the month in which they participate in scheduling.	month. For example, at the Scheduling Meeting for April 2008 Tom Duarte will be first if he pays the April fee. If not, it will be the next qualified performer present. Then we go down the list scheduling each participating person in order, back up to the top of the list and down again until everyone is done scheduling for each week. Then the next participating person gets 1st pick for the 2nd week, and we repeat the process. This means every month four people get first pick for each week of the month. The next month resumes with the next person on the list who qualifies for scheduling.
20	Accommodation for absent performers.	Sometimes licensees are unable to attend the scheduling meeting.	Qualified licensees may fill in unscheduled spaces within 24 hours as long they do not unduly delay posting of the schedule. Port may delay implementation until adequate staffing is available.
21	Scheduling meeting.	For some performers 10:00 a.m. is too early, but later may interfere with performing.	Scheduling time may be adjusted as personnel and participation allows.
22	Liability insurance for a group of performers, instead of each individual performer having insurance when several licensed performers play together.	Churches, clubs, schools, etc. have liability insurance policies that cover group activities, whether or not participants are individually named on the policy. The City's Risk Manager thought this addition was ok as long as the organization verified the existence of the group and met standard insurance requirements.	This was good news as it will allow more performers to join the program.
23	I.D. badges for group license.	Individual photo on badge for primary group representative. First badge free; additional badges $25.	Accept modification.
24	Amplifier direction.	Adjust to reduce interference.	No adjustments were made.
25	Change scheduled times from three to four hours.	Upon review, request not feasible or fair. With the limited number of sites, this did not allow enough scheduled or unscheduled time to make a permit cost-effective or allow equal opportunity to unlicensed performers.	No change.
26	Lower the fee to encourage more people to join (and	Fee reflects a portion of the cost to manage the Program and unlicensed performers pay no fee. With a limited number of	No change.

	comply) with the Program.	sites, more licensees would result in fewer opportunities for unlicensed performers and less flexibility to use unscheduled locations.	
27	Performers may not display commercial ads.	Unlicensed commercial signage is not allowed on Port property. There is also a City-wide ban on advertising tobacco products.	No change.
28	Behavior.	Visitors support hundreds of jobs and businesses at the Wharf and we want them to have a good experience here. Issues should be resolved within the community without public displays of shouting, threatening, and hitting. No performer has a right to the exclusive use of public property.	San Francisco's Street Artist Program had to get 3rd party program monitors to inspect compliance and serve as liaison with SFPD. Staff expects the same will be needed with this Program. Performers perform; they don't monitor or enforce.
29	Enforcement.	SFPD, Performers, Others	Uneven response from SFPD and security contractors because of more important issues, cost constraints, and lack of familiarity with Program. Monitors needed at least 1:00 p.m. – 7:30 p.m. Friday – Sunday and Monday holidays.
30	Unlicensed vendors	Not allowed on Port property.	SFPD citations and property confiscation is needed as allowed by the Port Code and Municipal Police Code.
31	Tenant premises ("private property").	Port tenants may allow performers within their exclusive use area subject to any entertainment permit requirements, use clauses, business needs, etc. Tenants with non-exclusive public access areas may require/enforce compliance with Program terms and may be included on the Performers' insurance certificates.	No change.
32	Conditions that qualify for a refund of a performer's fee.	Reasonable cause.	Discretion of Executive Director.
NOTE: Anyone interested in discussing Wharf-wide issues is encouraged to attend the monthly brown-bag lunches held by SFPD on the first Tuesday of each month at The Cannery, 3rd Floor, from 12:00-1:00.			

PORT OF SAN FRANCISCO

MEMORANDUM

March 5, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Request approval to issue a Request For Proposals for design and engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38

DIRECTOR'S RECOMMENDATION: ADOPT ATTACHED RESOLUTION

Background

The Port and the San Francisco Bay Conservation and Development Commission (BCDC) both called for the development of the Brannan Street Wharf (the Wharf) when these two agencies reached an historic agreement in July, 2000, establishing consistent policies for the San Francisco waterfront in the Port's and BCDC's plans. The Wharf is identified as a major neighborhood and destination open space in the Port's Waterfront Land Use Plan, in BCDC's amended Special Area Plan, and in the San Francisco General Plan-Northeastern Waterfront Area Plan.

Brannan Street Wharf will be a new open space defining the center of the South Beach neighborhood. It will replace Piers 34 and 36 and is described as being 57,000 square feet of new wharf over the water parallel to the Embarcadero Promenade. It is located on The Embarcadero Promenade between Pier 30-32 and Pier 38.

The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf working with a citizens advisory committee (CAC) for this project. The CAC included representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points.

Port staff, working with a consultant team led by Economic Research Associates and Sasaki Associates, prepared the concept design in 2001 and 2002. The team provided expertise in engineering evaluation, landscape architecture and economics. The Port conducted seven CAC meetings and three public workshops. In addition, the concept design was reviewed at joint

This Print Covers Calendar Item No. 10A

meetings of BCDC's Design Review Board and the Waterfront Design Advisory Committee three times, concluding the concept design phase on December 9, 2002. The proposed concept design represents the comments and ideals of both the CAC members and those on the design review committees. On August 12, 2003 the Port Commission approved the Concept Design and authorized Port staff to proceed with the schematic and final design of the Project.

Proposed Concept Design

The Concept Design describes the Project as a new wharf connected to and running parallel to The Embarcadero Promenade beginning at the south edge of Pier 30-32 and extending for about 830-feet through the area of Pier 36. It will have a wedge shape with its narrowest point adding about a 10-foot wharf to the edge of Pier 30-32 and widening to about 140-feet at the south end of Pier 36. The Wharf may reuse sound piles in the area of Pier 36 and in the area of the plaza north of Pier 36. The major project components include a 400-foot length lawn area, a waterside walkway with seating, shade-sheltered picnic/game tables, and a small-craft float. The design remembers its San Francisco waterfront history by taking on the shape of Pier 36, and by placing bronze strips in the paving to note the locations of former rail lines.

The Wharf is designed flat with the lawn laid in a raised planter of about 15-inches in height. The openness of the site is intended to orient the Wharf both toward the Bay and the adjacent neighborhood. A low wall that also functions as a sitting edge surrounds the lawn. The Concept Design for the Wharf also included a series of interpretive exhibits that encourage interaction about Bay currents, tides, wildlife and fisheries, and history.

Project Funding

The Concept Design as prepared with the CAC for the Wharf was estimated in 2002, to cost about $15 million inclusive of soft costs. Since that time inflation and escalated costs for construction materials have raised the estimated cost to an undetermined amount, but likely greater than $20 million. In September, 2007 Port staff presented the Port Commission with a proposal to proceed with the Wharf project using the available funds from sale of land for condominiums at Seawall Lot 330 and the Port's open space funding through the Capital Plan for four years as required by the Special Area Plan agreement with BCDC in 2000, for a combined total of about $17 million. On February 5, 2008 the City's General Obligation bond passed, allowing an anticipated $3 million in additional funds for the Wharf project. The early tasks of the proposed consultant scope of services as described below call for evaluating the existing Concept Design to determine its constructability within the $20 million project budget, and modifying the Concept Design if necessary to assure it can be built within the stated budget.

Scope of Services

The Request for Proposals (RFP) for consultant services to design the Brannan Street Wharf Project from concept design through construction administration would likely be led by a landscape architecture or architectural design firm. The supporting consultants will likely be in marine structural engineering, geotechnical engineering, utility engineering, cost estimating, public art, and irrigation design. The following are anticipated tasks of the design team:

1) **Design Brief**

   Prepare a Design Brief for the Project. The Design Brief is a written document that defines key design objectives, design parameters, performance criteria and scope of the Project. The Design Brief is a dynamic document that begins with a set of key objectives that may be

varied as design studies are undertaken to arrive at design parameters, criteria and solutions to meet those objectives.

2) **Evaluation of Existing Concept Design**
This initial work phase will be to analyze the Project's existing Concept Design to determine its constructability within the defined project budget. The Port anticipates a total project budget inclusive of all soft costs of approximately $20 million. The consultant would prepare a written report of probable costs reflecting the Concept Design, or prepare a modified concept design that reflects the project budget, or an analysis of how the Concept Design might be altered to be constructed within the Project budget while continuing to substantially meet the Project components described in the Concept Design.

3) **Concept Development & Schematic Design**
The objective of the Concept Development and Schematic Design is to further define a feasible design solution for the Project that address the requirements of the Concept Design and explores design alternatives for various components of the project.

4) **Design Development**
The objective of the Design Development stage is to provide further resolution and verification of the Schematic Design. The Consultant team would optimize the Project design and value, coordinate and resolve interfaces with other disciplines prior to the Construction Documentation stage.

5) **Construction Documents**
Consultant team would thoroughly complete and coordinate all necessary design drawings, details, and specifications to a standard enabling efficient and effective bidding and construction within the Project budget, and meeting all applicable municipal, state and federal laws.

6) **Bidding Stage**
At the Bidding Phase the Port would advertise for a contractor to construct the Project. The Consultant would assist the Port in this process.

7) **Construction Administration**
During Construction Administration, the Consultant would assist the Port in resolving construction issues brought forward by the Contractor and in determining the Project is constructed as per the approved design. This task is separate from a construction management task, which would likely be accomplished by Port or DPW staff.

The total consultant contract cost is estimated at $1,200,000, based on six percent of the project cost.

Environmental Review
The Major Environmental Analysis Division of the San Francisco Planning Department completed the environmental review of the Bryant Street Pier project, which included the Brannan Street Wharf, under the California Environmental Quality Act (CEQA). The Supplementary Environmental Impact Report (SEIR) was published in November 2001 and was certified by the Planning Commission in May 2002. Following appeals, the Board of certified the SEIR in January 2003.

In January, 2007 the National Park Service adopted the Embarcadero National Register Historic District. The Wharf project proposes to remove Pier 36, which is included within that District. Based on the newly adopted District and its National Register status, further environmental review is required prior to the Wharf Project attaining required entitlements. Port staff will be pursuing preparation of a Supplementary Environmental Impact Report to address historic issues and any other new information concurrently with the Wharf design project.

Local Business Enterprise (LBE) Participation
Upon review of the anticipated professionals needed to accomplish the described design tasks, the City's Human Rights Commission (HRC) representative has estimated that the Wharf project will have a Local Business Enterprise participation goal of about twenty percent. Scoring of proposals will be weighted to provide preference for LBE participation, and the Port and HRC representative will work with the top scoring responsive bidder to attempt to meet this goal.

Recommendation
Port Staff recommends that the Port Commission adopt the attached resolution, authorizing Port staff to issue a request for Proposals for design and engineering services for the Brannan Street Wharf Project.

Prepared by: Dan Hodapp, Senior Waterfront Planner

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-16

WHEREAS, The Port and the San Francisco Bay Conservation and Development Commission (BCDC) both called for the development of the Brannan Street Wharf (the Wharf) when these two agencies reached an historic agreement in July, 2000, establishing consistent policies for the San Francisco waterfront in the Port and BCDC's plan; and

WHEREAS, The Wharf is identified as a major neighborhood and destination open space in the Port's Waterfront Land Use Plan, in BCDC's amended Special Area Plan, and in the San Francisco General Plan - Northeastern Waterfront Area Plan; and

WHEREAS, Brannan Street Wharf will be a new 57,000 square foot open space over the water adjacent to The Embarcadero Promenade between Pier 30-32 and Pier 38; and

WHEREAS, The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf together with a citizens advisory committee (CAC) for this project and produced a Concept Design as attached as Exhibit A; and

WHEREAS, The CAC included representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points; and

WHEREAS, On August 12, 2003 the Port Commission approved the Concept Design for the Brannan Street Project and authorized Port staff to proceed with the schematic and final design of the Project; and

WHEREAS, The scope of work as generally described in the attached staff report outlines the tasks necessary to prepare the final design and construction documents for the Brannan Street Wharf within the project budget; and

WHEREAS, The Major Environmental Analysis Division of the San Francisco Planning Department completed the environmental review of the Bryant Street Pier project, which included the Brannan Street Wharf, under the California Environmental Quality Act (CEQA); and

WHEREAS The Supplementary Environmental Impact Report (SEIR) was certified by the Planning Commission in May 2002, and by the Board of Supervisors in January 2003; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to issue a Request For Proposals (RFP) for design and engineering services for the Brannan Street Wharf project, to be located immediately east of the Embarcadero Promenade between Piers 30-32 and 38, and as generally described in the attached staff report.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of March 11, 2008.

_____
Secretary

Brannan Street Wharf:

SITE PLAN
~55,500 sq.ft.
December 20, 2005
Port of San Francisco

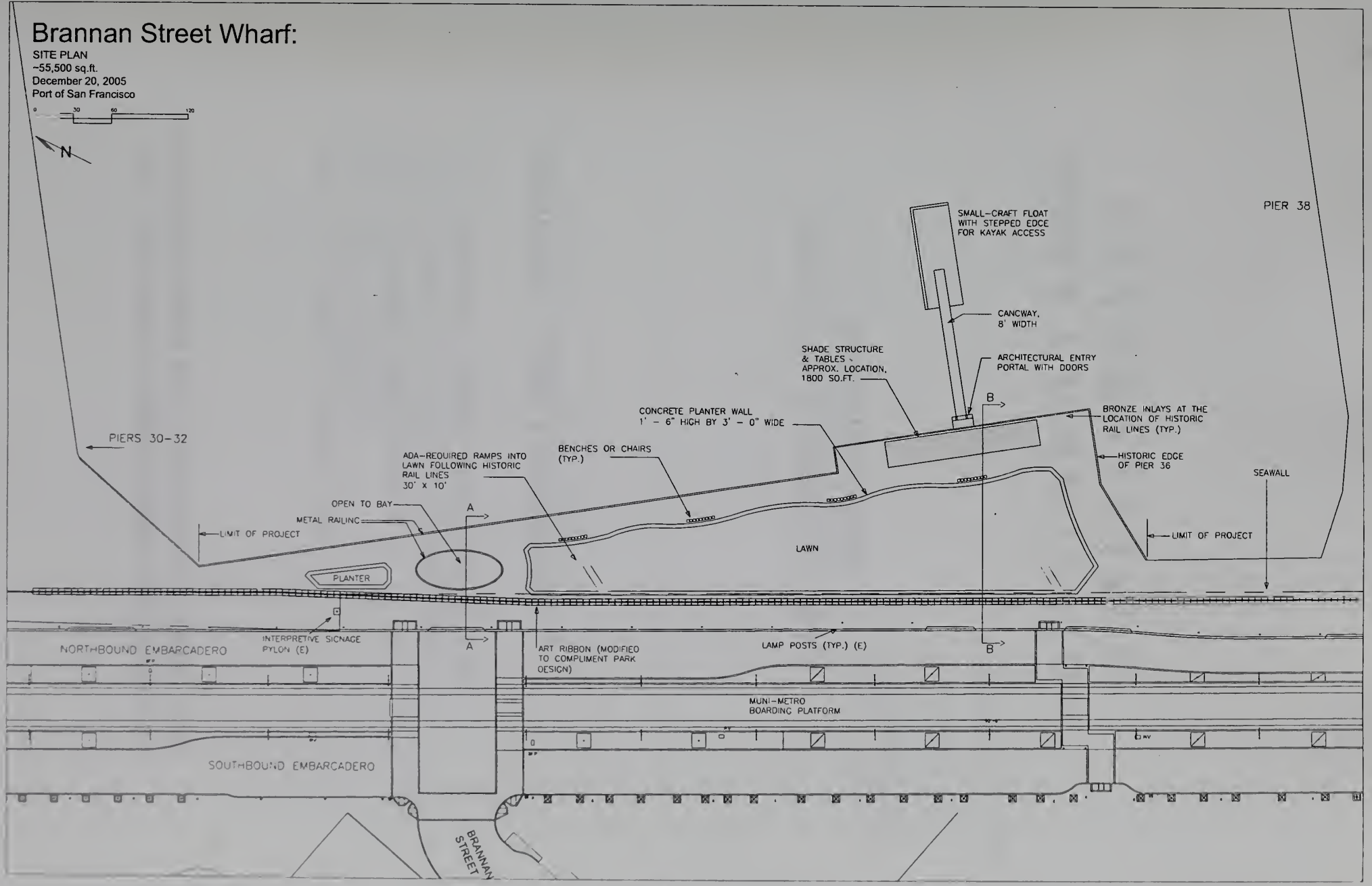


EXHIBIT A

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

APR 0 4 2008

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PUBLIC LIBRARY

MARCH 11, 2008
MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION

HON. KIMBERLY BRANDON, PRESIDENT
HON. RODNEY FONG, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS
HON. STEPHANIE SHAKOFSKY

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MARCH 11, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:01 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

2. APPROVAL OF MINUTES - February 26, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The minutes of the February 26, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:02 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

b. Property: Pier 9
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Bar Pilots: Captain Peter McIsaac

c. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime

*PortsAmerica: Don Wylie

5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong moved approval to not disclose any information discussed in executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Special Projects Manager Brad Benson, Acting Executive Director, indicated that Director Moyer is attending the Seatrade Conference this week with Peter Dailey and Michael Nerney. They are trying to drum up new cruise business for the Port. He reported the following:

- Union Pacific Freight Train Derailment at Junction of Quint Street Lead and Cal Train's main line – On Thursday, February 28, 2008 at 3 p.m., there was a train derailment. Ten cars of a 30-car freight train derailed while moving the Quint Street lead onto the Cal Train main line. The train was being pulled by Union Pacific at the time. The freight originated with Waste Solutions. It was contaminated soil being hauled off. Fortunately, none of the cars tipped over; they all remained upright. The Union Pacific locomotive operator did not recognize the problem for a period of time so the derailed cars were dragged up the Quint Street lead to the Cal Train main line, causing significant damage. The problem was the width of the rail track on the Quint Street lead, a Burlington Northern Santa Fe rail inspector had identified the problem but failed to report it in a timely way so that the derailment could be avoided. The Port owes a debt of gratitude to David Gavrich at Waste Solutions. He was on site at 6:15 a.m. coordinating the response with the Joint Power Board and Cal Train. They were mainly focused in trying to get the Cal Train line operational. It was with David's assistance that the

Port and Ms. Moyer were able to get Cal Train focused on restoring the freight access to the Port. The crane company went out to the site. Freight service was restored on March 5, 2008.

- Earth Hour, A Global Event on Climate Change – March 29, 2008 from 8-9 p.m. Earth Hour is sponsored by World Wide Life Fund. The City of San Francisco, the Mayor's Office and the PG&E are all involved in this effort. The point of this effort is to dim the lights for a one-hour period as an energy conservation measure so large buildings, landmarks in the San Francisco area including the bridges are expected to turn off their non-essential lights for that period of time. We are encouraging everybody to take advantage of that hour to swap out incandescent bulbs with compact fluorescents to reduce carbon footprint in the U.S. It is estimated that the U.S. produces about 20 tons of carbon emissions per person annually.

- The San Francisco Giants Opening Day is scheduled on April 7, 2008 at 1 p.m. against the San Diego Padres.

- Seawall Lot 351 (Embarcadero at Washington) Development Criteria Workshop – The Port's Planning and Development Division is hosting a planning workshop on April 14, 2008 to gain public input to a potential development RFP for SWL 351 consistent with the framework of the Waterfront Land Use Plan. The workshop will be held from 5:30 p.m. to 7:30 p.m. in the Port Commission hearing room in the Ferry Building. We invite Ferry Building, stakeholders, surrounding residents, merchants and all interested parties to attend. The feedback received at the workshop will be used to develop criteria that will be presented to the Commission in the form of a recommended Request for Proposals for the site. It's a 27,000 s.f. site across the street. We expect that the RFP will be issued in the May to June 2008 time frame. Development proposals would come in at the end of the summer and be evaluated in the fall.

- Informational presentation regarding the SWL 337 development concept presentations from the March 1, 2008 public workshop. The Port just completed a major public workshop with respect to SWL 337. On March 1, 2008, we had a successful public workshop. Four Port Commissioners and more than 100 participants attended the workshop.

  Diane Oshima, Planning and Development, indicated that the workshop, from staff's and advisory panel's perspective, was very successful in terms of giving each of the development teams a chance to lay out their initial ideas. Staff received a volume of comments both through that workshop and through on-line comments off the Port's website. The Central Waterfront Advisory Group met last week and various letters were received. Staff will be meeting with the SWL 337 advisory panel on March 19, 2008 and as time is needed to pull together their thoughts and bring that information back to the Commission at its April 8, 2008 meeting. There were a lot of very specific questions and comments. Currently, we are at a stage in the solicitation process. We did not ask the development teams to come up with a highly detailed, thoroughly thought out development proposals.

We asked them to come forward bravely and share their initial thoughts and ideas about how they would approach the development of the site with the understanding that it's an interactive process. We're not necessarily holding them accountable to the specific details that they presented to the Commission at the last meeting or what they presented to the public at the March 1, 2008 workshop. Some the questions are not quite ready for prime time because there's not enough details defined to be able to give definitive answers. Staff will keep track of what those concerns and comments are.

With respect to the Kenwood development concept, there were a lot of comments about positively responding to the kind of neighborhood smaller block, size and grid of their proposal. They like that kind of neighborhood scale. Their focus is around creating a space for the arts and artists to be able to work and to produce their art, exhibit and sell it. There was a lot of strong support over that concept. There were a lot of comments and questions about how to program and how to effectively manage space that is provided for the intended artist community, how to define an artist and how to create spaces that meet their needs and over the long term will provide for that kind of mixed activities within the artist community. There are other questions about the mixed of uses. Does it need to be as much artist oriented as what was presented? Are there some other mixed of uses that could create vitality within the neighborhood? There were questions with respect to the layout of the site, the physical connections between the neighborhood and the waterfront and the open space concepts that were reviewed. We received comments about having more of a relationship to the water and the shoreline.

In terms of the Giants and Cordish proposal, overall the general comments received was there was a strong, positive response of the large open space that they have at the northern end of the site. Many people were complimentary of having entertainment and gathering kinds of uses that would activate the open space. At the same time, there were questions about the overall density and the mixed of uses, the amount of retail and whether that was going to be competing with other areas of the waterfront and Fisherman's Wharf in particular. Some of the tenants cite those concerns. People were very happy to see the interaction of the open space with the water and the incorporation of wetlands and wildlife habitat spaces, places where people can come down and touch and get in the water with their kayaks. There is a strong sentiment of having that kind of direct orientation to this bay location. There are questions that staff will have to look at over the future in terms of the mixed of commercial uses and the notion of creating neighborhood oriented businesses and commercial as well as the entertainment, larger scale commercial. We received comments that within Mission Bay, there are a lot of the larger chain kinds of retail that have developed larger footprints and that there is a desire to mix it in with some of the more locally flavored retail and commercial services. With respect to the entertainment activities, there was a lot of positive comments about how the Giants have been good neighbors with the ballpark but questions about how they can control outdoor noise and other types of entertainment impacts as it may affect the Mission Bay and the Potrero neighborhood as well.

On the Federal Development proposal, there were a number of comments that gave good recognition for the developer's response to the open space objectives. Although the notion of having an elevated podium level of open space generated quite a number of questions as to whether it would achieve the kind of use and enjoyment that people were anticipating for this site. The grade differential between the ground floor and the top of the podium to the open space and the separation from the water interface with the shoreline is at the core of the questions that we received that Federal will be taking a closer look at. The notion of doing that separates the cars at the street level from the people at the podium level. People saw that there was merit in that idea. There were questions about how that approach to development would interface or integrate with the rest of the Mission Bay area, with the shoreline environment in which this site is located and beyond the bay eco system and is it incorporated in their development concept.

With respect to the Build Inc./Cherokee concept, there was a strong response in support of the organic and community oriented style that Build has brought to develop some of their ideas in the development concept. They brought together a whole pack of local architects and designers to brain storm what were good ideas for the site and recognize that there is a lot of chance and refinement and room for new ideas and discussions to come in. That resonate positively with a number of people. There were questions about the focus of the open space within the Build proposal being in the mid séction of the site reaching out to the water area between Pier 48 and 50 and how well that will interface with ongoing Port maintenance and maritime uses at Pier 50. There were questions about whether there were adequate opportunities for water recreation and the interface with water because of the mixed of maritime uses in the nearby area. With respect to the towers and the physical development on the site, there were lots of questions around the two central towers in the mid section of the site and whether they were appropriately placed, whether they are respecting view corridors, whether wind impacts have been taken into account as they may affect the open space. There were questions about the site layout which has a lot of different angles and street grid and how that related with the Mission Bay at large. That was a good food for thought for the Build Inc. team. Finally, the proposal in the Build Inc. concept is to have parking underground subgrade. There were questions whether that was financially feasible. We hope to learn more about how that works into their concept as we move on.

A broad range of issues and questions came up. With respect to the open space and the infrastructure, there are sophisticated questions about how they will be managed over time and who is going to be responsible. People are focusing in on some of the implementation types of requirements. With respect to the open space system, there were people thinking that open space needs to be small spaces as well as large spaces that don't necessarily satisfy the open space as one chunk and that the use and the programming of that open space has as much to do as the size and the quality of the improvements. It's public space; how publicly engaging is it and that is equally important as the size and the physical character of the open space.

The skateboarders wanted to see a skate park in the open space programming. In terms of urban design and density, there was a general recognition that there is a place to vary from what is seen at Mission Bay. There is an openness to do something different and allow for heights to be explored. The heights need to be something that does more than deliver the economics on the site. They are looking for tall, slender, fewer numbers of buildings that are architecturally amenities to the site. That is part of the public benefit meeting the Port's financial objectives. In terms of street grid and the layout of the blocks, create as many different access points into the site. The more it can be pedestrian oriented, the more activated it's going to be. Vehicular pedestrian, transit movement and circulation are key components. There is recognition that it is too early in the stage to understand that well at this time yet it is a fundamental thought that the public expects each of the development teams to be able to address in further detail. There was a lot of positive reaction to the degree of which sustainability practices and technologies are being thought about in the layout and the initial design ideas for development across the proposals. With respect to housing programs, there were a lot of questions about affordability. Who's the housing going to be marketed to? Are they going to be full time residents or are they going to be for second homes and how does that impact the vitality of the neighborhood that is being created. Is it going to be for families? Is it going to be for blue collar workers? With respect to parking and transportation, there is a big concern about trying to minimize cars but respect the fact that the Giants and the ballgame events need to be addressed. People were asking about whether CarShare is being considered in the programming. There was a point made about the residential towers and the fact that building residential and have any kind of dedicated parking would might it make more difficult to share the parking with other uses in the development. There was also an address about the Port's financial and capital plan needs to recognize that this is a project to be revenue generating opportunity and recognizing that there is a balance on the overall development density and the amount of money that can be generated from it. They were also looking, for the decision makers on each of the development teams how well they can respond to some of the points that the Port may be asking for and how quickly they can make a decision. Is this something we are working with the people who are really in charge?

Finally, in terms of development program, development character, there is pedestrian orientation activation, making this a public space in ways that people are not feeling like other parts of Mission Bay have. At least, for now, they have not achieved it yet. The level of activity in the rest of Mission Bay, there is a higher expectation for increasing that at SWL 337, making it pedestrian oriented, taking advantage of making that open space, a major resource for the local as well as the regional population. The gateway notion that this is a strategic site for Mission Bay, the northwest corner of the site, Lefty O'Doul Bridge coming out to the water that people resonated with that as being an important focal point of the development. With respect to Pier 48, to remember that is still subject to the public trust use rules as opposed to SWL 337. Still finding some kind of a balance with bringing in maritime support or water oriented activities and if possible,

retaining some of the working waterfront greenness, not just sanitize the whole area.

Commissioner Hardeman indicated that staff should be commended for the way they handled the workshop. It was nice to have a big space for the meeting. Outside of that, the public is very happy to participate. Port staff deserve a pat on the back for spending their Saturday at the workshop.

Commissioner Brandon thanked Diane Oshima, Byron Rhett, Phil Williamson and other Port staff. It was a wonderfully attended event. It was a chance for the public to interact with the developers and ask questions and see the site in front of them so that the vision could be seen. Port staff did a wonderful job.

Mr. Brad Benson reported that there was a force main outside of Pier 1 and 1-½ that ruptured on Friday, March 7, 2008. The Public Utilities Commission staff responded to the scene quickly and coordinated with Tom Carter in the Maintenance Division and John Mundy and Ed Byrne in Engineering. Repairs were undertaken over the weekend but not completed during the late night hours. We expect this work to continue over the course of the week. It was a situation that was responded to quickly and well and contained very well by City staff.

Commissioner Hardeman commented about the wonderful article that John King did in today's *San Francisco Chronicle.* Renee Dunn will probably thank him for the nice article. It was well done.

B. Informational Presentation Regarding the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts (IFD).

Tina Olson, Deputy Director of Finance and Administration, indicated that the Port has a proposed piece of State legislation to amend the existing State Infrastructure Financing District Legislation. The IFD law allows public agencies to finance public improvements by capturing the tax increment generated generally from development. It's similar to redevelopment law. In 2005, Port staff worked with Senator Migden to amend the legislation to allow publicly owned property subject to tidelands trust i.e. the Port of San Francisco could be included in infrastructure financing district. We identified Port type of improvements that could be funded such as pier substructure or the wharf repairs that are unique to San Francisco. We could use IFD districts and waterfront districts in urban areas; the law was oriented towards undeveloped, non urban areas. We wanted to capture Port of San Francisco's situation. Our capital plan assumes $265 million in debt that we would issue against using IFD bonds, mostly from the SWL 337 development in Pier 70. All of the $265 million would be used for southern waterfront infrastructure improvements, a lot of which would be around the Pier 70 area. The Port of San Francisco can capture 65% of the tax increment. The remaining 35% goes to the State, to the school district and BART. 35% does not go to the Port. 25% of that 35% goes to the State. Our proposed amendments are to capture the State's portion of 25%. Under the redevelopment law, the State forsakes all of its increment but under IFD, it doesn't. We're asking the State to let us have the same kind of deal that the redevelopment law provides. We are asking that we would be

able to use the tax increment up to 45 years. Under the current legislation, it's 30 years with a 10-year extension. The arguments we presented in favor of capturing the State's increment is that the Port is State land and there is State policy interest in the use of our property. It is what guides us as we develop our property. The State has an interest in the redevelopment of the Port's property for maritime uses and for public access and for environmental remediation. Those are the goals that have been articulated in the Burton Act as well as in the BCDC's Special Area Plan. Those policy decisions have already been, as it pertains to the Port property, in the State's interest. Similar to the redevelopment law of reducing or eliminating blight, there's State interest associated with the Port property so we should be able to capture it. If we capture the 25% in the next ten years with the existing development that we know in the pipeline with Pier 70 and SWL 337 and the backlands, we could issue about $100 million more in debt for infrastructure improvements on Port property. It's a significant gain. In terms of next steps, Port staff will meet with representatives from the environmental communities, schools, historic preservation to get their input. We will be going to the State's legislation committee soon. Mr. Benson clarified that the first meeting is March 12, 2008 but this item is not necessarily scheduled tomorrow. Staff will come back to the Commission for an official endorsement to go forward with the amendment.

Commissioner Lazarus asked other than under redevelopment law, is there a precedent under IFD statute or has any other entity tried to do the same thing. Ms. Olson replied that no one has. Commissioner Lazarus indicated that we are setting the precedent again.

Commissioner Shakofsky indicated that she applauds the effort but these types of efforts in budget crisis times are tricky. She asked if staff has gotten any feedback on that issue and how we are planning to show that somehow this will advance the State's revenues. Ms. Olson replied that this issue was brought up in the meetings she's been in with Mayor Newsom's staff on this particular amendment. It's unlikely that it would be a bill that would get out of session this year. It would likely be a two-year bill.

Mr. Benson replied that the State is experiencing an enormous deficit and it's very hard to get any bill that constrains State's spending in any way out of the legislature in a year like this. These are not revenues that are going to matter to the current budget climate at all. These are not revenues that will accrue to the State for another 4-5 years given the timeline to develop this area of the waterfront. That's one argument. The other argument is that in places like Pier 70, these revenues are not likely to accrue to the State unless it's the redevelopment argument but for the investment of these future tax proceeds, the development won't occur, therefore the State would not get the revenue anyway. It's a difficult year and we're not going to be as optimistic as we've been about other legislative efforts.

Commissioner Brandon asked if this will affect the City's revenue in any way. Ms. Olson replied that it wouldn't. It would be to the advantage of the City to have more flexibility of how much tax increment in total would accrue to the Port and there will be more negotiations with the City on this matter.

8. MAINTENANCE

A. Informational Presentation by Peg Stevenson, Director of City Service Auditor at the Controller's Office, Regarding the Controller's Audit of the Port's Purchasing and Inventory Processes.

Brad Benson read a letter from Mayor Newsom addressed to Commissioner Brandon on this topic. The letter states that with respect to the Controller's Audit of the Pier 50 Maintenance Division, "As the report reveals, important reforms are needed to insure the integrity of the Maintenance Division's operations and to institute internal controls that are more financially responsible. I commend Monique for realizing the need for reform and taking the appropriate steps to ensure action." Mr. Benson thanked Tom Carter and Tina Olson for taking a lead on this process and to Peg Stevenson and her staff in the Controller's office for working with the Port to conduct this audit.

Tom Carter, Deputy Director of Port Maintenance, introduced the informational presentation regarding the Controller's audit of the Port's Purchasing and Inventory process. Presenting from the Controller's office is Peg Stevenson, Director of City Service Auditors Division. In summer of 2006, Port staff became concerned about the Port's purchasing and inventory practices when the Maintenance Division submitted 400 unpaid invoices received but not processed in FY 2005-2006. The delinquent invoices totaled approximately $350,000. At the same time, Port staff learned that the Maintenance Division volume of purchases under $200 was significantly more than other city departments. These discoveries led the Port staff to request the Controller's office to audit the Port's purchasing and inventory practices at the Maintenance Division. Port staff concurs with the Controller's Audit report recommendations.

Peg Stevenson, Director of City Services Auditor Division of the Controller's office, indicated that they are the City's internal auditors. They perform a series of performance and financial audits for the City. The Port Commission received the audit in preparation for today's meeting. There are 56 recommendations with high level of details. A lot of their audits are not as prescriptive but in their discussions with Port management, it seemed appropriate. She thanked Brad Benson for mentioning the Mayor's letter. If you know of any auditors, internal controls are kind of the holy grail of the profession. You want people to think about the importance of having these kinds of controls in the organization and to have those words appear in a letter over the signature of Mayor Newsom is a big moment for the controller's office. It's one of the highlights. The Port deserves the credit for asking for this audit on noticing the influx of invoices that came in at the end of FY 2005-06. She thanked Tom Carter, Tina Olson, John Woo and others who worked with them in calling for the audit and working with them. It's never an easy to be the subject of an audit even if they are good findings. An audit is always an exception report. It prints out the things that are wrong. It's true that there's lot of capable and competent and dedicated people who work there but that's not what an audit is designed to say. They received the request to perform the audit some time ago. They performed the audit work last year. They had an audit manager and an audit director depart which gave them a challenge in completing the report on time. Timeliness and asking for the audit and

working with them to do the field work goes to the Port as well. It took the auditors office awhile to get the report out. One of the silver linings of that is that by the time they finally issued the report, the Port management was well underway with implementing some of the recommendations.

The audit objectives are summarized in the report after doing a series of interviews and talking and understanding the Port's operating environment to see if the Port has purchasing controls that prevent unauthorized or unnecessary purchases, to see whether purchases of items are appropriate prices from appropriate vendors and whether it accurately inventories its materials, tools and supplies. It boiled down to straightforward objectives. Their methodology included a review of the inventory functions, looking at invoices, inventory lists and transactions, interviewing staff and management about their operations and the controls at hand, reviewing the purchase contracts and testing the compliance with the contract terms and physical observations and counts, looking at inventories, doing site inspections and observing procedures.

The summary of the very highest level of their findings: multiple weaknesses in the Maintenance Division in purchasing and receiving and inventory practices that increase the risk of fraud and collusion and theft. Increase the cost of materials and the Port loses bulk buying power that it negotiated for itself. Prevent effective budgeting, operating and financial management decisions and understate the value of the Port assets in the inventory. Those are the highest level trying to summarize their findings into some operating principles. There are 11 findings; 56 recommendations to give an idea of how to improve accountability and control over all these functions. The Port's management concurred with everything. There's a table at the back of the audit that details the Port's responses and the analysis underway and the types of systems undertaken. She commended Port staff for already implementing some of the recommendations.

There are three chapters of the report. The first is purchasing and receiving. These are a couple of high level findings. There are purchasing practices which allow or authorize unnecessary purchases. Practices which allow vendors to overcharge. If you don't compare your invoice with the quoted prices, you'll run into such a situation. Their sampling showed both over and under charges. For example, the loss of advantage of bulk buying power, she noted that there's a paint agreement. The Port bought paint 37 separate times from the paint vendor even when we get a bulk pricing discount. It's a simple example of how to control something like that with a better system. The recommendations are straight forward. The Department of Public Works has implemented a new requisition authorization system (RAS) that had some good features. The Port might want to consider it for replacing Avantis. The Port is underway with the business process analysis. Clear written policies and procedures indicating what types of purchases are allowed and who's authorized to make them. Using established blankets that the City negotiated, taking advantage our being a big player in the market. Developing and implementing policies and procedures to make sure there are consequences for not following the procedures and systems that the Port puts in place. Segregation of duties is a good principle to keep in mind. Recommendation #7 speaks to that where there are different staff doing the ordering

and receipt of goods. Basic inventory management practice. Centralizing the receipt of purchases into the storeroom. Management has already made good progress in going forward with this recommendation. The second chapter in the audit report is materials management. The technology is important. They did a detailed review of Avantis and what is purports to do. There's more discussion of that in the third chapter. The other is an accountability issue. If you don't have an inventory control system that is reliable, you can't do planning and budget. You can't control theft and loss. As much as management commitment is important, the technology that will be put in place to control these functions is a critical issue. There's a couple of downstream effects. Finding 2.2, the storeroom has seven years of inventory; over 25 percent not used in almost two years. Without appropriate tracking control, you can't turn your inventory around, see what you're not using, get obsolete items out of inventory, etc. It's not something that any person can be expected to know or remember. You have to do this with a system of approach to it. Complete an adequate list of tools and how to track them. There are some tools that are tracked in the central shops but 12 of the 16 shops are doing separate work around the some kind of tracking spreadsheet that they keep internally to track where the tools are. People are doing that because in many cases, people are taking some responsibility for it but if there is a centralized, standard way to do it, the Port would have a better idea of how to manage its tools, how to supply and track things that are of high value.

There are comprehensive and detailed recommendations. They drew a lot of their recommendations out of the inventory best practices that are present in the government accountability office report on this subject that looked at both private and public practice. There is an appendix detailing the recommendation. This is a list of some of the types of controls that are present in good inventory systems such as tagging, appropriate records of locations and approaches so that people using things out of inventory, work from a list, return things they don't use, both in and outs of inventory system are appropriately tracked. There is a need for a complete physical count for materials, going hand in hand with the development of a new inventory system, a commitment on the part of staff and management when a new system is in place to maintain it. It is an investment of time in everybody's part to make sure that the in and outs of the system are tracked so that it's a useful management tool for all the staff. Basic approaches, when you find a discrepancy, research it. In the current system, they adjust to the counts of inventory without going over the losses in most cases. You can't manage inventory that way. Report any suspected theft to the SFPD and establish a complete system for checking out and returning tools and equipment as well as inventory.

The last chapter is a couple of accountability issues where they weren't the focus of the audit but they thought it was important enough to bring to the Port's attention. There is a detailed discussion of the Avantis system and some of its strengths and weaknesses. The Port is underway with this analysis and won't be replacing Avantis. It will use it until a new system is in place. It doesn't have enough advantages in terms of synching up with other things that the Port is doing and provide the kinds of reporting and flexibility that the Port needs. Security practices, there's a discussion of the keys and the key codes to the doors access that needs to be controlled better so that unauthorized people don't have access to places where valuable tools, equipment

and materials are stored. This is an ongoing issue for the Port. Maintenance division routinely charges costs to incorrect work orders. Over half sampled, they charged the cost of a work order to a default. It wasn't properly allocated to whatever the job was. If you are trying to keep good track of your cost of what it takes to repair and maintain some of the facilities, you need to allocate the cost to the correct work orders. The use of Port time, materials and facilities for personal uses. They gave some examples of what they observed. They are not necessarily inappropriate but they could be. Clear communications and controls over these things are critical. Recommendations alternative to Avantis, security plan to specify who should be allowed access to various areas. Rekey the locks and designate an employee parking area separate from where Port materials are stored, a very common practice in craft shops. Regular communications with employee about what activities are appropriate and use of time during work orders. Disallow, in most cases, employees' use of resources for personal purposes. GPS – this is an issue with other city departments. There are several city departments that are well underway with using GPS in their vehicles. DPW is one of them. It's partly for employee safety as well as addressing the management issues.

She acknowledged the work of the Controller's staff on this audit: Pablo Federico, manager, Randle McClure and Vivian Chu who did the work. She thanked Robert Tarzia, deputy audit director, who helped complete the audit and Donna Crume, one of the audit managers who stepped in and helped complete some of the management reviews. It's never easy to be a subject of an audit. There are benefits for the Port and for the city as a whole. It gave them a chance to look at some other similar shops and compare the practices between the Port and the PUC. The learning opportunity for the city in what are the potential strengths and weaknesses in shops like these and how you would prevent them is one that can benefit other city departments.

With respect to recommendation #5 about using blanket purchase orders, Commissioner Lazarus asked if the Port was unable to participate in a citywide purchasing effort or if the Port is not doing enough of but has the ability to do so. Ms. Stevenson replied that there is a citywide blanket purchase orders for lots of common commodities such as paint, gasoline, etc. A negotiated bulk price that takes advantage of the City being a big player in the market. The Port has full access to those. The Port has been utilizing it but there's anomalies. The example given in the audit report is the purchase of propane. The city has a blanket purchase order which gives a bulk purchase price for propane. The Port shouldn't pay invoices if it's not part of the blanket purchase order but it did so there's both a contractual problem where the person the city negotiated the blanket purchase order with isn't getting the business and the city is losing out on a bulk purchase discount.

Commissioner Brandon asked Mr. Carter about some of the recommendations that the Port is implementing and what we are doing going forward. Mr. Carter replied that some of the recommendations we've implemented are the Storekeeper has been asked to do daily counts and record any discrepancies and research the discrepancies. The auditors reported there were times when those were not being done sufficiently. With respect to the separation of the employee vehicles with the Port vehicles and Port's materials and supplies, an employee parking lot is being built and will be

substantially completed before April. The fence needs to go up. The employees will only access through one gate, park and leave through that gate. Policies have gone out and there are 8 more policies and directives that will go out. Policies such as the use of Port equipment, the use of their time, employees showing up at work, the time they leave work, the time they take their breaks. There was a citation that the auditors saw some employees sleeping in their vehicles or possibly washing their personal vehicles on Port time. We allow employees to wash their vehicles because we provide, per their MOU, parking. When the birds drop on their vehicles, we allow them to rinse their cars. It was unclear whether or not that was the case in the time that they found the employee doing that. With respect to inventory controls, an assistant is going through and documenting in a single format the equipment, assets and some of the smaller items that are over $100. They've already begun that process. Those are the few things that they've begun and will fully implement the 56 recommendations.

Commissioner Brandon asked if Maintenance is getting a new inventory and a GPS tracking system. Mr. Carter replied affirmatively. With regard to the inventory, Avantis has been a monster for them and a couple of years ago brought in a consultant and try to reimplement Avantis and to see where the issues were. They stripped it down to the bare bones and reimplemented it. It was time consuming. Staff is frustrated with it. In some of the instances when they charge things to incorrect work orders, they just don't want to deal with the system. It's a matter of ease of use for them which consequently, were not able to cost out a project appropriately and know what projects cost. Staff is proposing to go with the Oracle system which was currently upgraded. At the same time, through our business process, develop an RFP for a maintenance management system.

Commissioner Lazarus acknowledged staff for being willing to bear everything for this audit. The auditors did not find a pretty picture. She appreciates that staff have already started implementing some changes. She would personally like to have a periodic report on what's being done, whether to submit in writing or present in person the status of each of the recommendations. There are some recommendations that refer to April of this year and some to the end of the fiscal year. It's important and useful to continue the transparency of what's being done to have periodic reporting. Mr. Carter concurred with Commissioner Lazarus' comments. In the implementation process, it goes out as far as three years. We are trying to bring on additional staff on a 3-year project to help with the implementation and make it happen. He would be happy to come back as often as the Commission would like to report either in writing or in person.

Ms. Stevenson added that it's a practice in the audit world to request updates to audits 6, 12, 24 months after they're issued. They would be sending a report to the Port asking about the status of the implementation of the recommendations during those periods. Ms. Lazarus indicated that it sounds reasonable.

Commissioner Hardeman commented on the letter that was sent by Mayor Newsom. In his letter, he asked the Commission to support the recommendations. He does not think that any of the Commissioners object to any of the 56 recommendations.

Commissioner Brandon indicated that in the Mayor's letter, Mayor Newsom and Director Moyer requested this audit. She thanked them, Tom Carter, Tina Olson, John Woo for working closely with the controller's office and thanked them for doing a great job. Even though it's not a pretty picture and we have a lot of work, she thanked them for bringing it to the Commission's attention.

9. REAL ESTATE

A. Request approval of a Street Performer Program for the Fisherman's Wharf Area commencing April 1, 2008. (Resolution No. 08-15)

Claudia Davison, Property Manager for the Fisherman's Wharf portfolio, indicated that this is the 5th time in two years that staff has presented the different phases of the Fisherman's Wharf Street Performer Program. There had been three informational presentations and one approved request to adopt the 5-month pilot program which terminates March 31, 2008. She asked for Commission's approval to adopt the permanent Street Performer Program at Fisherman's Wharf. Because this program has been previously presented and reviewed, her presentation will focus on the overall picture and improvements made during the pilot program.

The primary reasons for the program were the unfair use of primary performance sites, pedestrians walking in the street to bypass crowds around performers, police ticketing performers for selling performance related merchandise without a license but since no license was available, the citations were routinely dismissed by the court. This became a waste of resources. The street artists program refused to allow street performers into their program. The Entertainment Commission was unresponsive. The performers were uncertain if space would be available when they came out to perform. Businesses complained about loud and repetitive performances. As described in the staff report, we have met the key objectives of the pilot period to test the program methodology, locations, volume levels, rules and procedures. During the pilot program, we established sites and a system for scheduling performers at specific times within the confines of the first amendment. We developed applications, ID badges, scheduling materials and website, scheduled license performers for three hour performance times at designated locations and allowed performers to sell performance related merchandise, installed message board that display the schedule, map and program rules. This informs visitors of scheduled entertainment and other performers of opportunities for first come, first served performance opportunities. We held informational training session with the SFPD and Port security regarding the guidelines and rules for performers as well as unlicensed vendors. We conducted several scheduling meetings, streamlined the process and forms and made modifications. We continue to follow the Ninth Circuit Court Case White vs. City of Sparks as it relates to this program. At the community workshop on February 28, 2008, we discussed several outstanding issues represented in the matrix (Attachment 2 to the staff report). We added space #5, made physical improvements to space #12, posted the schedule on the Port's website and the visitfishermanswharf.com website, obtained the City Risk Manager's agreement to terms on group licenses, added 24-hour accommodation to schedule absent licensees, added allowances for the program modifications and fee refunds where appropriate and reduced the volume level at two

sites near Powell Street from VL3 to VL2. Three active issues remain: administration, enforcement and public access. Resolution of these issues is not required prior to adopting the program. Although the public, local businesses, enforcement agencies and performers all benefit from the order created by the program, we have not identified funding for a third party program administrator. The Port will continue to seek funding sources for administration and possession, scheduling and posting, obtaining and installing decibel meters to monitor and record volume levels. When we have completed this task, staff will come before the Commission with a consent item. Until that time we will continue to administer the program internally. Enforcement remains an issue. In the past, there were no rules to apply to conduct. The program has provided the rules but Port security and SFPD are not always readily available. Like everything else in the world, some people choose to not follow the rules. We believe that inclusion into the community is key to making the program a success, making the program more orderly will bring in more participants. We will continue to reach out to performers, educate them about the program and encourage their compliance. Finally, Appendix A of the Port Code identifies many dedicated public access areas at Fisherman's Wharf. Some of them are within tenant's leaseholds. Those tenants are named as additional insureds in the performers insurance policies. Staff will continue to seek clarification on allowed activities in Port parks. Overall, the pilot program has been a success. The licensing, scheduling, and performing process works. The tourist season is soon upon us and we look forward to an uplifting and enjoyable experience for visitors and locals. We hope that the Port Commission will approve the permanent street performer program at Fisherman's Wharf.

Fred Crisp, Police Officer at the Central Station, indicated that overall the pilot program has been a success. Katharine Arrow and Claudia Davison deserve a commendation for getting this done. As it was mentioned, it's been years and years of free for all at Fisherman's Wharf. Their program is starting to get together. He strongly encouraged the Commission to adopt the program permanently.

Linda Kutner, aka Sunshine the Clown, thanked the Commission, Katharine Arrow and Claudia Davison. She urged the adoption of the program. It is not perfect but it's better than what it's been before. Example, she has a little card in her pocket. It's a picture of her without a costume. This card has made a difference because this weekend, three police officers came by to see if she was ok and if she needed anything. A little different when a police officer comes by to see if she's ok instead of coming by to take her away. Two things happened at Fisherman's Wharf this weekend that were interesting. A four year old girl and her sister came and sat in her kiddy chairs and reminded her about her birthday party which she attended. The girl told her that she felt like she had another birthday with all new friends. That's the impression that they want to make on tourists. Another interesting thing happened this weekend, a young lady from SF State University, named Tara Fernandez saw on the website that they were there. She had lost her card and was trying to find her. She came because she's doing a documentary in school about the culture of street performance. She's asked her to be a part of it. When she talked to her today, she said that everybody knows what she does as a performer. She wants her to speak about what it's like dealing with the politicians. It's interesting because they do make an

impression on the City. Another thing that happened this weekend is that a group who usually has their music so loud that other performers can't work, she asked them to turn it down and they did.

Dave Earl, street performer, indicated that he supports the program. It's been a great success. He thanked Katharine Arrow and Claudia Davison for their work.

Stephen Dreyfuss, 20-year resident of San Francisco, quoted a passage that caught his eye from the SF Chronicle writer, John King, which was printed this past Tuesday, "Our landscape is shaped by competing visions of what a shared placed should be." This is a similar statement which applies to the sidewalk in front of one's dwelling as well as it applies to multi-million dollar real estate developments along the piers or the waterfront acreage. This current street performers program serves to offer guidance to competing interests for the most popular Port pedestrian walkways in an orderly, equitable and supremely transparent fashion. He urged the Commission to vote in favor of a permanent implementation of this program. He thanked the people who have done the hard work and the heavy lifting of this program or this program would not have seen the light of day: Claudia Davison and Katherine Arrow and all those whose time and energy has propelled to this moment.

Hubert Ortis, musician, thanked Katharine Arrow and Claudia Davison for helping them to implement this program and get it underway. He thanked Commissioner Rodney Fong for supporting them throughout the years and helped them achieve what he's been trying to do unilaterally for 15 years. He was one of the guys accused of not sharing the corner. There is a method to his madness and throughout the years, if you don't understand the past, you can't figure out the future or the present. The program is working but there are still things that could undermine the progress if not attended to. He asked the Commission to give Claudia Davison and Katharine Arrow to go ahead and implement the changes that are needed and to enforce those changes. Most of all, the law enforcement is drastically needed; otherwise, they will have the same situation that was created in the past 2-3 years of fighting of the spot and who gets there first. It's working and he thanked the Port for giving it a head start.

John Griffiths representing the circus family indicated that they are international street performers who have come to San Francisco specifically for his children to attend the United States best circus school. They previously didn't look for them in San Francisco because it hasn't been a possibility but thanks to the work of the good Port people, they now have successfully performed here with very little work, application, and a little help from Claudia. It has been magnificent and they will return.

Karen Bell, on behalf of the Fisherman's Wharf Community Benefit District, thanked Katharine Arrow and Claudia Davison for ignoring all the naysayers that said they couldn't create a program that they've been trying to do for 20 years. She thanked them for not listening, coming up with a program that is a basis to get some organization on the streets. We'll see what happens in the busy season but at least something will happen. She urged the Commission to pass this program as permanent.

Kenneth Kahn, aka Kenny the Clown, thanked the Commission, Claudia Davison and Katharine Arrow. He urged the Commission to pass the program. One thing he noticed is that there's a new spirit amongst the professional performers at the wharf. He is optimistic about it. Growing up in the bay area, phenomenal performers used to come to San Francisco from all over the world to perform. Because of the chaos that ensued through the years, you don't see the same quality of performers. With this new program, San Francisco is going to become a world class city again for street performance. He asked the Commission to pass the resolution.

Tom Creedon, Scoma's Restaurant, indicated that the success of this program speaks very loudly and not having one single naysayer. When Claudia first talked about how the program is going to work, he heard a lot of negative things from Fisherman's Wharf. It's obvious that none of those people have come down to speak against it. He thinks that Claudia deserves a lot of commendation for her efforts to take on an undoable project. Claudia doesn't understand the word "undoable." What's important is that she stuck to the professionalism. When he attended some of her meetings and was able to sit in with all of the street performers, he was extremely impressed with their professional approach at trying to organize this and have a good place that they could perform. In Fisherman's Wharf, they try to have quality things that improve the wharf. This program by itself is going to greatly improve what Fisherman's Wharf is to San Francisco.

Commissioner Fong indicated that he's been tracking this program very intimately. He's had the pleasure of growing up in Fisherman's Wharf and have a pleasure of having friends from property owners to merchants to homeless folks to musicians and performers and can't feel any more proud that we've been able to mix these groups of people in public rights of way and for the property owners and the merchants to be able to benefit from this from the marketing ability. It is still not 100% perfect. There are a couple of locations that are being looked at. These two locations have not been programmed as of yet until they are reviewed further. He is looking forward to the next couple of months as summer starts to pick up at the wharf and we get to see this program work. He's proud of this program and thanked Claudia and Katherine for their work.

Commissioner Lazarus thanked staff for their diligence and instinctuitiveness. If we have a mission impossible, we know whose lap to dump it into.

Commissioner Hardeman commented that it's amazing that Tom Creedon who is the president of the company and often attends meetings that his work does not go away. He complimented him for all the time and effort he put into helping the Port. He doubts if the Port has any other volunteer as a tenant that has given more of himself to the Port than Tom Creedon. He echoed the statements he made about Claudia Davison what a great job she has done especially on this issue and Katharine Arrow. He also thanked Lt. Fred Crisp. He has taken this project to heart to. It's wonderful to have people like these at the waterfront who are willing to do these types of things.

Commissioner Brandon thanked Claudia and Katharine. They have done a phenomenal job. This is the fifth presentation of this item and this is the first time there has not been one person to speak against this. It may not be perfect but it's near perfect. She also thanked Susan Reynolds for allowing them to make an effort and make this work and for supporting them.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-15 was adopted.

10. PLANNING & DEVELOPMENT

A. Request approval to issue a Request For Proposals for design and engineering services for the Brannan Street Wharf project, located immediately east of The Embarcadero Promenade between Piers 30-32 and 38. (Resolution No. 08-16)

Dan Hodapp, Planning and Development, indicated that the Port and BCDC both called for the development of the Brannan Street Wharf when these two agencies reached a historic agreement in July 2000, establishing consistent policies for the San Francisco waterfront in the Port's and BCDC's plans. Brannan Street Wharf will be a new open space defining the center of the South Beach neighborhood. It will replace Piers 34 and 36 and is described as being 57,000 square feet of new wharf over the water parallel to the Embarcadero Promenade. It is located on The Embarcadero Promenade between Pier 30-32 and Pier 38.

The Port, working with BCDC, conducted a public planning process for the Brannan Street wharf working with a citizen advisory committee (CAC) for this project. The CAC included representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants and a variety of interest groups representing a broad mix of local and regional view points. The Port conducted seven CAC meetings and three public workshops. In addition, the concept design was reviewed at joint meetings of BCDC's Design Review Board and the Waterfront Design Advisory Committee three times, concluding the concept design phase on December 9, 2002. On August 12, 2003, the Port Commission approved the Concept Design and authorized Port staff to proceed with the schematic and final design of the project. The concept design describes the project as a new wharf connected to and running parallel to The Embarcadero Promenade beginning at the south edge of Pier 30-232 and extending for about 830 feet through the area of Pier 36. The concept design as prepared with the CAC for the wharf was estimated in 2002, to cost about $15 million inclusive of soft costs. Since that time, inflation and escalated costs for construction materials have raised the estimated cost to an undetermined amount, but likely greater than $20 million. In September, 2007 Port staff presented the Port Commission with a proposal to proceed with the Wharf project using the available funds from the sale of land for condominiums at Seawall Lot 330 and the Port's open space funding through the Capital Plan for four years as required by the Special Area Plan agreement with BCDC in 2000, for a combined total of about $17 million. On February 5, 2008 the City's General Obligation bond passed, allowing an anticipated $3 million in additional funds for the Wharf project. The Request for

Proposals (RFP) for consultant services is to design the Brannan Street Wharf Project from concept design through construction administration. It requires a diverse team of consultants likely consisting of landscape architecture or architectural design firm, marine structural engineering, geotechnical engineering, utility engineering, cost estimating, public art, and irrigation design. The early tasks of the consulting scope of services would be to evaluate the existing concept design to determine its constructability within the $20 million project budget and modify the concept design if necessary to assure it could be built within this budget. Today's resolution is to authorize issuance of an RFP for these consultant services. The total consultant contract cost is estimated at $1,200,000, based on six percent of the project cost. The City's Human Rights Commission (HRC) representative has estimated that the Wharf project will have a Local Business Enterprise participation goal of about twenty percent. Given the many services necessary to design the project, staff anticipate the teams should be able to meet this goal. The Brannan Street Wharf would be the first project out of the gate following passage of Prop A on February 5, 2008 which provided funding for public spaces along the waterfront.

Corinne Woods thanked the Commission and urged that this project be built.

Ernestine Weiss indicated that it's about time. We've worked on this project for so long. She's glad to see that it's finally on the way.

Commissioner Hardeman commented that it's gratifying that we have this project so soon.

Commissioner Brandon commented that this is a very exciting project. Commissioner Brandon asked within the RFP, how are the proposals going to be ranked. Mr. Hodapp replied that the ranking would be a combination of factors. One proposal would get an advantage for LBE participation. Cost will also be considered. There's a formula based. It's a smaller percentage. They will be ranked on design experience within San Francisco, doing work on the waterfront, experience of doing work in the water. There's a substantial amount of marine structural engineering services, approximately half a million dollars, such as geophysical evaluation and the design of the structure. It will also be based on the project approach for taking it from concept design schematic, final design to construction drawings. We don't have the exact answer but those are the general categories that we would employ.

Commissioner Brandon asked when the RFP will be ready. Mr. Hodapp replied that the RFP will probably be issued some time in April. Commissioner Brandon asked once this is complete, she asked about the schedule for the project. Mr. Hodapp replied that we've laid out an entire schedule. There are many steps to it. The RFP selection process if we get going in April, it will likely be late August before we have a team on board. That's how much time it takes to go through that process. We've done a schedule that takes through all the various stages of design and in tandem does the required environmental review. We have to do a supplemental to the EIR that has been prepared for the project because the historic district was adopted since the environmental document was done. We also have to do entitlement. The EIR and the

entitlements would run parallel to the design and construction drawing process. Following completion of all the design process, construction documents, we enter into a bid phase and approximately 18-month construction period. If we start now, it takes about 4 years before we can open the project. We have gone to the Civil Service Commission on February 19 because we are asking to do services outside employee workforce and we received approval for that.

Commissioner Hardeman indicated that State Lands Commission has already approved this as part of the cruise terminal project. Mr. Hodapp indicated that this project was included in the Pier 30-32 project and it was tied to that in order for the cruise terminal to proceed. That project did not go forward so it's no longer tied to that. It is in the BCDC agreement and the Port is required to construct this project by 2020 at the latest. The Port received the ability to lift the 50% rule for constructing the Brannan Street Wharf and the Northeast Wharf at Pier 27.

Commissioner Fong asked if there are any opportunities or windows to accelerate the project that the Port has complete control of. Mr. Hodapp replied that there are opportunities but he did not want to present a time more optimistic because things tend to take time. There are many stages of design if the concept design as drawn now is constructable. That will save some time because it negates having to do a redesign of the concept and it also does not necessitate greater public comment into a conceptual design that allows us to proceed right to the final design details. So we skip over some of the design phases. The unknown at the moment is we are not convinced that we can build it as designed. With that in mind, task #1 for the consultant is to do the evaluation of the facility, see if Pier 36 piles and the wharf piles parallel to the promenade can be reused as part of this, what's the best approach to the engineering solution and start running cost numbers on that and see if this design is viable. If not, can it be simply modified, whether it be size or other feature in the design or do we need to rethink it in a more substantial way. That's the first task out the gate. We intend to deliver this project for the stated amount and not be back to the Commission for further request for funding.

Commissioner Shakofsky asked if this project is connected schematically to some of the other projects such as the Blue Greenway, the Bay Trail, etc. She's seeing lots of plans for open space and isolated spots. The connectivity of those parks and greenways are critical to creating that great place and the ability for people to walk miles, ride their bikes or walk their dogs. Mr. Hodapp replied that when the Port adopted the Waterfront Land Use Plan 11 years ago, with that came the waterfront design and access element which is the urban design plan for the San Francisco waterfront and it contained policies for open space, views, and historic resources and also design criteria for the development of sites up and down the waterfront. The open space policies can best be described in 3 words: continuity, sequence and variety. Continuity means to create a continuous waterfront open space, the ability to travel from one end to the other of the Port's 7.5 miles of waterfront and also that connects into the Blue Greenway and puts us consistent with Bay Trail policies and the city's policy of doing the Blue Greenway all the way to the southern edge of the City and all the way to the Golden Gate Bridge. Sequence means a new public space is developed every 5-7 minute walking interval along the waterfront. Variety means

each one of those has its own unique identity whether it's the type of open space or its relationship to the neighborhood. When we developed that plan, we looked at what open spaces, what public spaces we had which we saw coming on line and where the missing teeth were and those were plugged into the plan. The Brannan Street Wharf was one that was plugged into the plan. To relate that sequence of spaces in this area, Pier 7, the Ferry Building Plaza, Pier 14, Rincon Park, Brannan Street Wharf, South Beach Park, and China Basin Park. That's the theory that put this necklace of open spaces together that you could travel from one to the next.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-16 was adopted.

11. NEW BUSINESS / AGENDA SETTING

Mr. Benson indicated that the April 8 calendar is pretty busy. We have a number of significant items. Staff will be presenting the first findings of the SWL 337 advisory panel regarding developer qualifications in this RFQ process. Ed Byrne will be bringing the request to advertise the demolition and disposal of Drydock No. 1. David Beaupre will be presenting to the Commission the current status of a joint Port and Redevelopment Agency planning process for Cargo Way.

Commissioner Brandon indicated that the Commission just approved the Pier 52/54 contract. Mr. Benson replied that the Commission approved this item previously but the upcoming item is a contract modification which will now be presented on May 13 instead of April 8.

Ernestine Weiss asked about the item on the forward calendar concerning the Request for approval of the advisory panel recommendation for shortlist of development teams. She asked what it's for. Mr. Benson replied that it should state Seawall Lot 337 advisory panel recommendation for the shortlist of development teams. In this RFQ stage, the Commission will have an option to continue with all four teams or to narrow the list of development teams as to who will continue to the RFP stage.

Corinne Woods, Blue Greenway, echoed Commissioner Shakofsky's question and asked the Port Planning Development to move forward with the project now that we have Prop A and start planning, start thinking about sequencing priorities. She knows that the Planning Development is up to its elbows if not it's neck in projects right now. There's a lot going on. We have a tremendous opportunity. If it takes four years to build something, now is the time to start thinking about the connectivity piece, the signage, the wayfaring elements, the design that will bring the Blue Greenway from AT&T Park to Candlestick Point and start thinking about the bigger picture. The bond will not cover all the costs of doing what we want to do on the Blue Greenway but if we have a plan and we have a valid cost estimate of what it's going to be, we can go out and get more money. Until we have a plan or put some energy into designing these elements, we're just sitting on it. Four years is a long time. It took 15 years for the public boat launch ramp. She's not counting on anything happening fast. She just wants to get started.

12. PUBLIC COMMENT

Ernestine Weiss indicated that she attended a meeting last night at BCDC about the Exploratorium. They were trying to figure out how the public, specifically the children, will be delivered to the Exploratorium. They were trying to figure out how they could accommodate the bikers and the pedestrians and the people attending the Exploratorium. She asked if there is a timed light at Green Street. They try to discourage the busses not to park on the land side because it would be dangerous.

13. COMMUNICATIONS

14. ADJOURNMENT

Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 5:06 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
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AGENDA
TUESDAY, APRIL 8, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - March 11, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

         a. Property: Pier 80
         Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
         *PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

         Under Negotiation: _____ Price _____Terms of Payment X Both
         An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties:
(1) Build, Inc., Cherokee Company, UrbanGreen Devco
(2) Federal Development, LLC, Lehman Brothers Construction Management and Development, Inc.
(3) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan
(4) San Francisco Giants, The Cordish Company, Farallon Capital Management

Under Negotiations: _____Price ____Terms of Payment X Both

The Port has received responses to a request for qualifications from each non-Port party identified above for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. The Port intends to issue a request for proposals for the lease and development of the properties to which any of the parties whom the Port deems qualified may respond. In this executive session, the Port intends to seek direction from the Commission on the appropriate price and terms of payment for the properties. The Port intends to discuss the factors affecting the price and terms of payment, including without limitation, the possible density of development and types of land uses but only with respect to the impact of those factors on price and terms of payment. Now that the competitive process has commenced and the Port has received conceptual development proposals, the executive session with the Port's real estate negotiator will enable the Port Commission to develop a negotiating strategy that is tailored to maximizing the City's return based on these development concepts. That strategy and information will inform the Port Commission's public discussions and deliberations regarding the content of the request for proposals the Port will issue relating to the project. In particular, the executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms in the request for proposals that are most likely to maximize the benefit to the Port, the City and the People of the State of California and/or to more effectively negotiate with the winning proposer on price and payment terms.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

Number of potential cases: __1__ As Defendant

Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property. For Discussion and Action: Approval of an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County until approximately May 19, 2008.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report

- Abraham Lincoln Brigade Dedication Ceremony – March 30, 2008 at 1 p.m.
- Transportation Worker Identification Credential (TWIC) Implementation – April 2, 2008
- Seawall Lot 351 (Embarcadero at Washington) Development Criteria Workshop – Monday, April 14, 2008 from 5:30 to 7:30 p.m. at the Port Commission Hearing Room in the Ferry Building
- Groundbreaking of Eco-Center at Heron's Head Park – April 22, 2008 from 11 a.m. to 1 p.m.

B. Request approval of the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts. (Resolution No. 08-17)

8. CONSENT

A. Request authorization to accept and expend $1,522,536 in 2007 Infrastructure Protection Program Port Security Grant Program funds from the Department of Homeland Security for security improvements at the Port of San Francisco. (Resolution No. 08-18)

B. Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the San Francisco Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots under Lease No. L-11515 in an amount not to exceed $355,250. (Resolution No. 08-19)

C. Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78. (Resolution No.08-20)

9. PLANNING & DEVELOPMENT

A. Informational Presentation of the Seawall Lot (SWL) 337 Advisory Panel Review and Deliberations Regarding the RFQ Submittals for Development of SWL 337 (property located between Third Street, Mission Rock Street and Terry Francois Boulevard).

B. Informational Presentation and Update regarding the Association of Bay Area Governments Bay Trail Grant to the San Francisco Redevelopment Agency and the Port of San Francisco for a community based planning process to study Pedestrian, Bicycle and Landscape Improvements to Cargo Way.

10. MARITIME

A. Request approval of a Memorandum of Understanding No. M-14538 between the San Francisco Port Commission and San Francisco Airport Commission to exchange advertising support services and space for business promotion. (Resolution No. 08-21)

11. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation on Pier 70 environmental investigations and Economic Development Agency grant (April 22, 2008)
  - Informational presentation of the design for the Taylor Street Roadway Improvement Project (April 22, 2008)

- Informational presentation on proposed closure of commercial salmon season and possible impacts to the San Francisco fishing industry (April 22, 2008)
- Request approval of recommendation for Invitation of Development Teams to the Seawall Lot 337 Request for Proposals Stage of the Development Solicitation (April 22, 2008)
- Request authorization to issue a Request for Proposals for the Development of Seawall Lot 337 (April 22, 2008)
- Request authorization to advertise for Invitation for Proposals for the Demolition and Disposal of Port's Drydock No. 1 (April 22, 2008)
- Request approval of a Memorandum of Understanding M-14510 between the Port and the Office of the Chief Medical Examiner for the rental of an Alternate Operational Center in the event of an emergency, natural or man-made disaster at Pier 96 and Seawall 349 (located at the end of 20th Street) (April 22, 2008)
- Request authorization to issue a Request for Proposal (RFP) to 501c3 non-profit organizations for a Youth Employment Program to help maintain the Port's property (April 22, 2008)
- Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Operation at Pier 94 (May 13, 2008)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (May 13, 2008)
- Request authorization to amend the Port's Contract with the San Francisco Conservation Corps (SFCC) to increase the not-to-exceed amount by $50,000 and to extend the expiration date by three months to September 30, 2008 (May 13, 2008)
- Request authorization to execute a contract modification with D.F.P.F. Corporation dba Fine Line Construction for the Pier 35 Improvement Project (May 13, 2008)
- Request approval of the design for the Taylor Street Roadway Improvement Project (May 13, 2008)
- Request authorization to issue Request for Proposals for Environmental Investigation at Pier 70 (May 13, 2008)
- Request authorization to apply for, accept and expend $2.28 million from the U.S. Department of Commerce and Economic Development Administration for environmental investigation at Pier 70 (May 13, 2008)
- Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (May 13, 2008)
- Request authorization to advertise for competitive bid the construction of the Pier 45 Drainage Improvement Project (May 13, 2008)
- Request approval of a Memorandum of Understanding between the Port of San Francisco and the City Department of Real Estate for the use of Pier 48, Shed A,

with a waiver of all fees for a one-time Project Homeless Connect event on June 6, 2008 (May 13, 2008)

- Request approval of a Memorandum of Understanding M-14534 between the Port and the San Francisco Public Utilities Commission for the installation of a solar power plant on the Pier 96 Lighter Freight Facility (May 13, 2008)
- Request approval of lease with Solar City at the Pier 96 Maintenance and Repair Building (May 13, 2008)
- Request approval to enter into a Memorandum of Understanding between the Port and the San Francisco Public Utilities Commission to purchase solar equipment at the Pier 96 Maintenance and Repair Building (May 13, 2008)
- Informational presentation on a proposed sublease between Scoma's and a fishing cooperative for a Fish Market on Al Scoma Way (May 27, 2008)
- Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street) (May 27, 2008)
- Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 27, 2008)
- Request approval of floodplain management restrictions associated with National Flood Insurance Program (May 27, 2008)
- Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 10, 2008)
- Update on Port response to Controller's Audit of Port's Purchasing and Inventory Systems (September 2008)
- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)
- Request approval of Second Amendment to Lease No. L-12938 between the Port and Pacific Marine Yacht Charters for premises located at Pier 9 (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request approval of an amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission from March 7, 2008 to April 3, 2008:

- From Alek Felstiner, UNITE HERE Local 2, regarding proposed development at Seawall Lot 337
- From Annette Wilson, Program Director, Harvard University's John F. Kennedy School of Government, invitation to attend the Executive Education Program *Leadership in Crises: Preparation and Performance* on April 27 to May 2, 2008
- From Mayor Gavin Newsom, regarding the Port of San Francisco: Purchasing and Inventory Controls Needed to Prevent Waste and Fraud Audit Report
- From Jack Bair, San Francisco Giants, regarding proposed development at Seawall Lot 337
- From Alek Felstiner, UNITE HERE Local 2, copy of a letter to Diane Oshima regarding proposed development at Seawall Lot 337
- From San Francisco Architectural Heritage, invitation to the Soiree 2008 at The Old Mint on April 12, 2008
- From Mayor Newsom's Office, invitation to the Asian Pacific American Heritage Month Celebration on May 5, 2008 at The Herbst Theatre, War Memorial Opera House Veterans Building

14. ADJOURNMENT

APRIL/MAY 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
April 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 13	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Pacz @ 705-8674 or mark.pacz@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

April 2, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval of the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION

Overview

On March 11, 2008, Port staff delivered an informational presentation to the Port Commission describing potential changes to California Government Code Sections 53395 et seq. (the "IFD Law") designed to enhance the Port's IFD financing ability and implement the Port's public trust mandate and the Port's Capital Plan ("Capital Plan"). This staff report describes:

- proposed changes to California Government Code Sections 53395 et seq. (the "IFD Law") and a related implementing tax provision, and possible amendments to these proposals;
- results of the Port staff public outreach and consultation with representatives of the San Francisco Bay Conservation and Development Commission ("BCDC") and the California State Lands Commission ("State Lands");
- the City's State Legislative Committee recommendation; and
- next steps.

Staff requests Port Commission approval of the attached resolution which authorizes Port staff to pursue the proposed State Legislative Agenda related to Infrastructure Financing Districts.

Infrastructure Financing District Law

As described in the September 13, 2005 Port Commission staff report, IFDs are authorized under the IFD Law. The IFD Law allows public agencies, including the City, to finance public

THIS PRINT COVERS CALENDAR ITEM NO. 7B

infrastructure improvements by capturing and bonding against property tax increment generated in the district after it is established. To do so, the public agency must follow a multi-step process that includes approval of a financing and infrastructure plan by the Board of Supervisors.

IFDs function much like redevelopment project areas. In this regard, IFDs do not, on their own, increase tax rates, rather, they rely on increases in the property tax base within the IFD. Like redevelopment, the fundamental justification for tax increment financing is that but for public and private investment made possible by tax increment financing, development and the resulting property tax increases would not occur.

In contrast to redevelopment law, the IFD Law does not require the public agency to make a finding of blight or require a set aside of a portion of the tax increment for affordable housing (except when the projects to be financed through the IFD displace housing). Unlike redevelopment, adoption of an IFD does not affect the land use requirements or zoning designations for the area. IFDs also differ from redevelopment in another major respect: in redevelopment areas, unlike IFDs, the City can override complex State tax laws allocating approximately 25% of local property taxes to the State of California's Educational Revenue Augmentation Fund ("ERAF").

In 2005, Port staff worked with State Lands staff and Senator Carole Migden to amend the IFD Law to permit its use on Port property. The resulting bill – SB 1085 – included changes to the IFD Law that:

- Clarified that a public agency may form such districts to finance public infrastructure where all of the property in the district is publicly-owned, and that the process for forming the district is the adoption of an ordinance by the legislative body (i.e., the Board of Supervisors);

- Clarified that publicly-owned property subject to tidelands trust for commerce, navigation and fisheries (the "public trust"), including filled tidelands, may be included in such districts;

- Enumerated additional examples of infrastructure improvements that qualify for infrastructure financing districts, including seismic upgrades, historic renovation, environmental remediation, utility improvements, structural repair or construction of seawalls, piers, and wharves;

- Established a base year and authorized allocation of tax increment up to ten years beyond the initial 30-year term of a district; and

- Authorized the use of such districts for urban waterfront areas in addition to undeveloped or underdeveloped areas.

Port Capital Plan

The FY 2009-18 Capital Plan adopted by the Port Commission on February 26, 2008 describes potential funding of $804 million to meet a 10 year need of $1.9 billion, relying on the following sources: Port tenants, the Port's operating budget, revenue bonds, development projects, IFD bonds, and for the first time, general obligation bonds. Of this projected $804 million in funding, the Port projects $162.5 million in Port revenue bonds, $265 million in IFD bonds, and $33.5

million in general obligation bonds. Port staff projects a 10 year financing shortfall of more than $1 billion.

August 2007 SPUR Report

During the first half of 2007, Port staff worked closely with a committee of individuals established by the San Francisco Planning and Urban Research Association ("SPUR") to analyze the Port of San Francisco's operations. The group was co-chaired by Mike Wilmar and Teresa Rae of SPUR, and included Sean Randolph, Ann Halsted and Will Travis (Chair, Vice-Chair and Executive Director of BCDC), Jennifer Clary, and Bill White. Then Port Commission President Ann Lazarus and numerous Port staff participated in the effort as well. SPUR's recommendations for financing historic preservation, waterfront open space and clean up of toxic contamination of the Port included the following recommendation:

> "Because the Port is a state asset as well as a City asset, the state Legislature should revise the IFD law to allow the Port to capture the state's share of possessory-interest tax increment (e.g., increased taxes resulting from new development) and to align the IFD to the public benefits required by the state on publicly owned waterfront land."

The SPUR paper is available on-line at http://www.spur.org/documents/070801_article_01.shtm

Arguments Supporting Changes to IFD Law

State law divides property taxes among the City (64.7%), the State (25.3%), the School District ("SFUSD") (7.7%) and other local taxing entities, including the Community College District ("SFCCC"), BART and the Bay Area Air Quality Management District ("BAAQMD").

As described above, a major difference between redevelopment law and the IFD Law is that current IFD Law does not allow the City to override the State's allocation of a 25.3% share of tax increment for ERAF. Dependent on a number of factors, including consideration and approval of a proposed IFD financing and infrastructure plan by the Port Commission and the Board of Supervisors and the Mayor, reallocation to the City of the State's portion of increment could increase the Port's IFD bonding capacity in the next ten years by up to $100 million (up to a 40% increase).

Port staff believes there are two policy arguments to support reallocation of the State's share of increment. First, substantial portions of Port property exhibit characteristics of blight that would enable the establishment of a redevelopment area for portions of the Port (see Appendix A). In the 1980s, the San Francisco Redevelopment Agency established the South Beach/Rincon Point Redevelopment Area, which featured development of the 700-slip South Beach harbor on Port property as a means of catalyzing market rate and affordable housing in the South Beach neighborhood. A redevelopment area including Lot A in Mission Bay and Port property south to Pier 96 would enable the allocation to the City of the State's share of tax increment to address blight. Thus, changes to the IFD Law would simply enable the Port to mirror redevelopment law with respect to the State's share of tax increment.

However, redevelopment law promotes public policy objectives (economic development and affordable housing development) that do not entirely match the objectives of the Port as enumerated in the Burton Act, the public trust and the BCDC Special Area Plan for the San

Francisco Waterfront. In this body of law and policy, the State has enumerated different, but equally important, policy objectives of promoting maritime commerce, public access to and enjoyment of the Bay, and environmental remediation of tidelands. Thus, Port staff believes that the State has already articulated policy interests which the State's share of property tax generated on Port property could promote.

Proposed Changes to IFD Law

Port staff recommends the following changes to the IFD Law and a related implementing tax provision as applied to the Port of San Francisco:

1. Allow the City to retain the 25.3% of property taxes from the IFD that the State would otherwise deposit into ERAF, to be used for specified State waterfront interests such as open space, public access to the water, environmental remediation and Bay fill removal;

2. Allow the City to use tax increment from the IFD, after pass-throughs to SFUSD (7.7%), SFCCC, BART and BAAQMD (collectively, 2.3%), to secure bond-financing and pay debt service for up to 45 years;

3. Allow an IFD to be formed on publicly-owned land without a general election of property owners;

4. Allow the Port to establish IFD subareas with differential base years, providing greater flexibility in bonding capacity.

The text of the proposed changes to law is included in Appendix B. Assemblyman Mark Leno has agreed to carry the proposed legislation with modifications discussed below. The vehicle for the proposed legislation is expected to be AB 2646, which is currently a bill related to Treasure Island transportation management.

Potential Amendments to the Port's Proposal

In 1993, the Legislature adopted amendments to redevelopment law in AB 1290, which provided for automatic property tax pass-throughs to local taxing entities such as school districts, community college districts, air districts and agencies such as BART ("Local Taxing Entities"). Prior to AB 1290, local redevelopment agencies sought approval from these taxing entities for their redevelopment plans, and the amount passed through to Local Taxing Entities was negotiable between agencies.

With respect to local taxing entities, the IFD Law is currently structured much as redevelopment was structured prior to the passage of AB 1290, meaning that Local Taxing Entities must approve the infrastructure and financing plans and pass-throughs are (in theory) negotiable. The Office of Assemblyman Leno advises that the Assemblyman sees merit to guaranteeing these pass-throughs to the Local Taxing Entities. Port staff agrees and has requested that the Assemblyman consider language that would then eliminate the steps currently required under IFD law requiring the approval of the Port's IFD financing and infrastructure plans by the Local Taxing Entities, because under this formulation, the Local Taxing Entities would be essentially unaffected by the IFD formation.

Port staff understands that the consultant for the Assembly Local Government Committee has raised a concern about the precedent involved in providing the State's share of tax increment to a local IFD without a blight finding. Port staff believes that there are sufficient indicators of blight on Port property, documented in the Port's facility assessment reports and in the Capital Plan to allow the Legislature to make findings of blight or to delegate this authority to the Port Commission or Board of Supervisors, if the Legislature believes that this is an important consideration.

Impacts on the State Budget

For FY 2008-09, the State of California is facing a major budget deficit currently estimated at $16 billion according to Legislative Analyst Elizabeth Hill, most of which represents a structural deficit.

The proposed changes to IFD Law are not expected to significantly impact the State budget for the following reasons:

- Port development that will fuel increases in property taxes is not expected to occur for 4-5 years at a minimum (due to the time required for environmental review, discretionary approvals by the Port Commission and the Board of Supervisors, and BCDC permitting), meaning that the increased property taxes resulting from that development will not accrue until FY 2013-14 (as projected in the Port's Capital Plan); and

- The State will not forego any current tax revenue, but rather only *anticipated* tax increment, some of which is highly speculative. In places such as Pier 70, where development costs are projected by Port staff and consultants to exceed revenues from development, increases in property tax are unlikely to be generated at all, unless the Port succeeds in developing new sources of financing (such as the State's share of tax increment) to subsidize public improvements. As noted above, this is the fundamental justification for tax increment financing: but for the investment of the tax increment in the public infrastructure serving a subject property, private investment and the resulting increases in property tax will not occur.

Further, if the Port obtains the proposed changes to the IFD Law, the State stands to achieve other economic benefits from development of Port property, including sales tax from retail development on Port property and income tax arising from commercial development.

Appendix C calculates the annual impacts on the State budget (commencing in 2013) of the proposed legislation if the Port establishes two IFDs, one including Seawall Lot 337 and another including Pier 70. According to the analysis in Appendix C, an IFD including SWL 337 would cost the State $2.4 million annually and a Pier 70 IFD would save the State $1.5 million annually, resulting in a de minimus budgetary impact.

Impact on the San School District, Community College District, BART and the Bay Area Air Quality Management District

A Port IFD would not affect the 7.7% of San Francisco property taxes that are earmarked for the San Francisco Unified School District or the 2.3% of property taxes earmarked for the Community College District, BART and the Bay Area Air Quality Management District. Under

IFD Law, these entities have the right to review and approve future Port IFDs designed to finance waterfront improvements. As noted above, Assemblyman Leno proposes to amend the Port's proposal to provide automatic pass-throughs to these entities.

Discussions with BCDC and State Lands

Port staff conducted one conference with State Lands staff in March 2008, with whom the Port negotiated the original IFD Law in 2005. State Lands staff will discuss the Port's proposal with State Lands Executive Director Paul Thayer before recommending any changes to the Port's proposal or taking a formal position on it. Following Port Commission approval, Port staff will ask BCDC staff if it will be feasible to obtain a formal position from the BCDC Commission.

Other Public Outreach

Port staff met with representatives of the San Francisco Unified School District to explain the proposed legislation and seek feedback. Given that the proposal is unlikely to directly affect school finance, the District is unlikely to take a position on the proposal. District representatives appreciated the outreach and will inform the Port if they have any recommended changes to the proposal that could benefit SFUSD.

The Port continues to conduct outreach to environmental, historic preservation, business and other civic groups. Thus far, SPUR and the San Francisco League of Conservation Voters have formally endorsed the proposed legislation.

City's State Legislation Committee

At its March 27, 2008 meeting, the City's State Legislation Committee (which includes representatives of the Mayor's Office and the Board of Supervisors) endorsed the Port's proposed legislation.

Recommendation and Next Steps

Port staff recommends the adoption of the attached resolution. Subject to Port Commission approval, and in consultation with the City's State lobbyist and Mayor Gavin Newsom's Office, Port staff will discuss the proposed amendments to the IFD Law with BCDC and State Lands and seek approval of these amendments by the Legislature.

Prepared by: Brad Benson, Special Projects Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-17

WHEREAS, Port of San Francisco land use objectives, as articulated in its Waterfront Land Use Plan (the "Plan"), will be furthered by the Port's ability to publicly finance the development of *mixed use opportunity areas* identified by the Plan; and

WHEREAS, One such financing method is the use of "tax increment," which can be characterized as the difference between property tax (or possessory interest tax) during a base year and taxes collected after the base year over periods up to 40 years; and

WHEREAS, State law authorizes the use of tax increment financing through redevelopment law (Health and Safety Code, Sections 33000 et seq., "Redevelopment Law") and via Infrastructure Financing Districts (Government Code Sections 53395 et seq., the "IFD Law"; and

WHEREAS, Pursuant to Port Commission Resolution 05-19, Port staff sought modifications to the IFD Law in 2005 to clarify that the Port may utilize infrastructure financing districts ("IFD") to finance a broad range of infrastructure improvements consistent with Port needs, including seismic rehabilitation, historic renovation, environmental remediation, utility improvements, and structural repair or construction of seawalls, piers, and wharves; and

WHEREAS, Mayor Gavin Newsom sponsored the Port's proposed legislation, the California Legislature adopted SB 1085 (Senator Carole Migden) and the Governor signed the bill into law; and

WHEREAS, A significant difference exists between Redevelopment Law and the IFD Law, in that Redevelopment Law allows local jurisdictions to capture the portion of growth in property taxes that would normally accrue to the State of California (approximately 25%), whereas tax increment available under an IFD is limited to the local government's share of property tax (65%); and

WHEREAS, During development negotiations since 2005, the Port has learned that the costs to rehabilitate areas of Port property are so costly that the public funding available to the Port with an IFD under current IFD Law is not sufficient to close the financial feasibility gap in many current and/or potential development opportunities;

WHEREAS, The capture of the State's share of tax increment in a Port IFD would, in some cases, enable the Port to attract the private equity necessary to rehabilitate the Port's property by closing this feasibility gap;

WHEREAS, The State has enumerated policy interests in the Bay Conservation and Development Commission's Special Area Plan for the San Francisco Waterfront and in the public trust doctrine that warrant expenditure of funds that might otherwise accrue to the State of California; and

WHEREAS, Foremost among these State interests are waterfront public access and open space, removal of Bay fill and remediation of historic shoreline contamination; and

WHEREAS, The public investment from the City and County of San Francisco and the companion State investment from an IFD will generate other economic benefits for the City and the State, including new job creation, return of brownfields to a productive land use, and new sales, business and income taxes; now, be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to coordinate with Mayor Gavin Newsom's Office and the City's state legislative representatives to seek an amendment to the California Government Code and the Revenue and Taxation Code authorizing the capture of the State share of tax increment in IFDs formed on Port property; and, be it further

RESOLVED, That the San Francisco Port Commission directs Port staff to perform outreach to the Port's advisory committees and public agency partners, including regulatory agencies with jurisdiction over Port development, to obtain support for these changes.

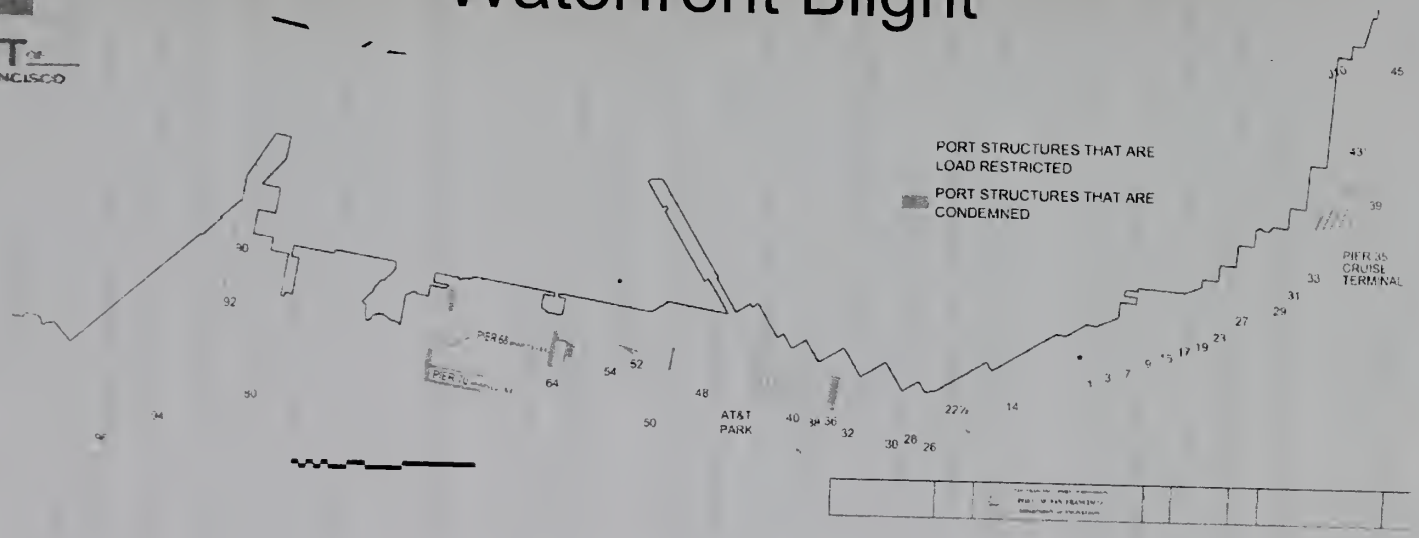
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2008.

_____

Secretary

PORT
SAN FRANCISCO

Waterfront Blight



Condemned Buildings & Piers

Parking Lots

Environmental Contamination

Damaged Shoreline

Abandoned Materials & Graffiti

Ghost Piles & Damaged Substructures

Appendix B: Proposed Changes to IFD Law

An act to amend Section 53395.8 of the Government Code and Section 96.1 of the Revenue and Taxation Code relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

[Bill No. and sponsor] Infrastructure financing districts: San Francisco waterfront.

Existing law authorizes the formation by local legislative bodies of infrastructure financing districts in specified types of areas to incur debt, as defined, or provide for tax increment allocation, to finance the purchase, construction, expansion, improvement, seismic retrofit or rehabilitation of specified types of real or tangible property, including specified types of facilities, under an infrastructure financing plan adopted by specified procedures.

Provisions in existing law affecting only infrastructure financing districts in the City and County of San Francisco add tidelands and submerged lands subject to the public trust for commerce, navigation and fisheries and the applicable statutory trust grant or grants to the areas that may be included in an infrastructure financing district; clarify that public entities may be landowners for the purpose of the law and provide for modified procedures for adoption of the district and the infrastructure financing plan if all the land in the district would be publicly owned; add seismic strengthening, historic rehabilitation and certain other public purposes and facilities to those projects that may be financed; and authorize the amendment of an infrastructure financing plan to extend time limitations for receipt of property tax increment subject to specified conditions.

This bill would provide additional flexibility in the procedures for forming and financing infrastructure financing districts along the waterfront of the City and County of San Francisco.

The people of the State of California do enact as follows:

SEC. 1. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City and County of San Francisco. The Legislature finds and declares that the following facts constitute such special circumstances:

(a) Under the Burton Act (Chapter 1333 of California Statutes of 1968) and the Burton Act transfer agreement, the State conveyed certain state tidelands along the San Francisco waterfront, generally extending from Fisherman's Wharf to Candlestick Point, to the City and County of San Francisco, through its port, in 1969 in trust for public trust and Burton Act trust purposes, subject to the obligation on the part of the City and County San Francisco to assume $55 million in State debt obligations then existing relating to the waterfront properties. Under the San Francisco Charter, the people of San

Francisco charged the Port of San Francisco with administration of the San Francisco waterfront and the responsibility for discharging the pre-existing debt obligations. These pre-existing debt obligations have limited the port's ability since 1969 to finance substantial investment in public trust facilities within its jurisdiction.

(b) Beginning in the early 1990s, in response to economic and land use needs of the port and as directed by the San Francisco electorate, the port undertook a public planning process related to the improvement and development of the San Francisco waterfront. This process resulted in the port's adoption of a waterfront land use plan in 1997.

(c) Pursuant to the San Francisco Administrative Code, the port in 2006 developed a capital plan identifying public facilities necessary and convenient to the improvement, operation and conduct of the San Francisco waterfront. Among these public facilities are seismic and life-safety improvements to existing buildings; rehabilitation, restoration and preservation of certain historic piers and other historic structures; shoreline restoration and structural repairs and improvements to piers, seawalls, wharves and other maritime facilities; remediation of hazardous materials; removal of bay fill; stormwater management facilities and other utility infrastructure improvements; and public open space improvements, including those required by the Bay Conservation and Development Commission special area plan for the San Francisco waterfront. The estimated cost to implement the port's capital plan is approximately $1.9 billion dollars in 2008 dollars, an amount many times the revenues projected to be available to the port for these purposes.

(d) The San Francisco waterfront is a valuable public trust asset of the State that provides special maritime, navigational, recreational, cultural and historical benefits to the people of the region and the State. Realizing the goals of the port waterfront land use plan, the Bay Conservation and Development Commission special area plan and the port capital plan is a matter of statewide significance, and removal of the deteriorating conditions along the San Francisco waterfront caused by deferred maintenance since 1969 by providing a financing mechanism through the use of incremental property tax revenues are matters of statewide importance that will further the purposes of both the public trust and the Burton Act trust. Public facilities along the San Francisco waterfront to be financed pursuant to the infrastructure financing district law will increase public access to, or use or enjoyment of, public trust lands and are matters are of statewide and community-wide significance.

(e) The City and County of San Francisco, through its port, wants to establish one or more infrastructure financing districts to finance public facilities along the San Francisco waterfront. Due to the extraordinary capital needs of the port, it is the intent of the Legislature to provide the City and County of San Francisco and its port the widest latitude, within the framework of the infrastructure financing district law, to create and operate infrastructure financing districts in the manner that provides the optimal financing options to construct needed public facilities on public trust lands in order to meet the aforementioned goals of statewide significance. In order to adapt the provisions of Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5 of the Government Code, relating to

infrastructure financing districts, to these unique circumstances, this special act is necessary.

SEC. 2. Section 53395.8 of the Government Code is amended to read:

(a) This section applies only to the City and County of San Francisco and is effective as to any district along the San Francisco waterfront created in or after 2008. For the purposes of this chapter, San Francisco is a city.

(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that consolidating in a single public agency the responsibility to administer waterfront lands in San Francisco that are subject to the public trust and the ability to capture property tax increment revenues to finance needed public facilities in those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the State.

(c) For the purposes of this section, the following terms have the following and additional meanings:

(1) "Affected taxing entity" means a local, state or regional governmental unit other than San Francisco that is authorized to collect a portion of properties tax revenues within a district, and from which San Francisco proposes to use incremental property tax revenues to finance public facilities under this chapter.

(2) "Base year" means the fiscal year during which any infrastructure plan adopted under this chapter becomes effective.

(3) "Board" means the Board of Supervisors of the City and County of San Francisco, which is the legislative body for any district formed in San Francisco.

(4) "Debt" includes commercial paper and variable rate demand notes in addition to the obligations specified in Section 53395.1.

(5) "District" means any district created under this chapter, including any project area within a district.

(6) "Landowner" includes the port and any other public entity that owns land in a district formed under this chapter.

(7) "Port" means the Port of San Francisco.

(8) "Project area" means an area within a district formed under this chapter in accordance with subdivision (g) of this section.

(9) "San Francisco" means the City and County of San Francisco.

(d) In addition to the purposes and the public facilities authorized by Section 53395.3, a district subject to this section may finance:

(1) Environmental remediation of any real or tangible property in the district.

(2) Seismic and life-safety improvements to existing buildings.

(3) Rehabilitation, restoration and preservation of structures, buildings or other facilities having special historical, architectural or aesthetic interest or value and that are listed on the National

Register of Historic Places, eligible for listing on the National Register of Historic Places, individually or because of their location within an eligible registered historic district, or listed on a state or local register of historic landmarks.

(4) Structural repairs and improvements to piers, seawalls and wharves.

(5) Remediation of hazardous materials.

(6) Removal of bay fill.

(7) Stormwater management facilities, other utility infrastructure or public open space improvements.

(8) Shoreline restoration.

(9) Other repairs and improvements to maritime facilities.

(10) Planning and design work that is directly related to any public facilities or purposes to be financed under this section.

(e) A district formed under this section may include and finance public facilities on tidelands and submerged lands, including filled or unfilled lands, subject to the public trust for commerce, navigation and fisheries and the applicable statutory trust grant or grants. Facilities located on tidelands and submerged lands must serve and promote uses and purposes consistent with the public trust and applicable statutory trust grants. Facilities that increase access to, or use or enjoyment of, public trust lands will be deemed to be facilities of community-wide significance that provide significant benefits to an area larger than the area of the district.

(f) Facilities financed under this section must be public trust assets subject to the administration and control of the port, subject to the following exceptions:

(1) Facilities listed in paragraphs (1) through (4), inclusive, of subdivision (b) of Section 53395.3 or in paragraph (6) of subdivision (d) of this section that are not administered or controlled by the port, but are administered and controlled by another entity pursuant to a license from or an agreement with the port.

(2) Facilities on land located in a previously formed district that the port subsequently leases, sells or otherwise transfers to any person free of the public trust, the Burton Act trust and any additional restrictions on use or alienability created by the Burton Act transfer agreement, provided that the State Lands Commission has concurred in the lifting of trust restrictions on the transferred property, which will remain in and subject to the district.

(3) Facilities on land transferred to port jurisdiction after the Burton Act transfer.

(g) A district may be divided into project areas, each of which may be subject to distinct time limitations established under subdivision (h) of this section.

(h) For a district along the San Francisco waterfront, the requirements of this subdivision supplant and replace the provisions of Sections 53395.10 through subdivision (a) of Section 53395.20, inclusive. The Board may adopt or amend one or more infrastructure financing plans along the San Francisco waterfront according to the following procedures.

(1) The Board will initiate proceedings for the establishment of a district by adopting a resolution of intention to establish the proposed district that:

(A) States that an infrastructure financing district is proposed to be established and describes the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the Board.

(B) States the type of public facilities proposed to be financed by the district.

(C) States that incremental property tax revenue from San Francisco and some or all affected taxing entities within the district may be used to finance these public facilities, or, alternatively, that incremental property tax revenue from San Francisco but no other taxing entity within the district may be used to finance these public facilities.

(D) Directs the executive director of the port, or an appropriate official designated by the executive director, to prepare a proposed infrastructure financing plan.

(2) The Board will direct the clerk to mail a copy of the resolution to any affected taxing entities.

(3) The proposed infrastructure financing plan must be consistent with the general plan of San Francisco, as amended from time to time, and include all of the following:

(A) A map and legal description of the proposed district, which may include all or a portion of the district designated by the Board in its resolution of intention.

(B) A description of the public facilities required to serve the development proposed in the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description must include the proposed location, timing, and projected costs of the public improvements and facilities.

(C) A financing section, which must contain all of the following:

(i) A statement consistent with the requirements of Section 53396 of this chapter that specifies the maximum portion of the incremental tax revenue of San Francisco and of any affected taxing entity proposed to be committed to the district.

(ii) A limitation on the use of levied taxes allocated to and collected by the district providing that no less than 20 percent of that amount must be expended on shoreline restoration, removal of bay fill or waterfront public access to or environmental remediation of the San Francisco waterfront.

(iii) A projection of the amount of incremental tax revenues expected to be received by the district, assuming a period of 45 years from the base year of the infrastructure financing plan.

(iv) Projected sources of financing the public facilities to be assisted by the district, including debt to be repaid with incremental tax revenues.

(v) A limitation on the number of dollars of taxes that may be divided and

allocated to the district. Taxes may not be divided and may not be allocated to the district beyond this limitation, except by amendment of the infrastructure financing plan pursuant to the procedures in this subdivision.

(vi) A date on which the effectiveness of the infrastructure financing plan and all tax allocation to the district will end and a time limit on the district's authority to repay indebtedness with incremental tax revenues received under this chapter, not to exceed 45 years from the date of the Board's resolution of intent to issue bonds to be repaid with incremental tax revenues under this chapter. After the time limits established under this paragraph, a district may not receive incremental tax revenues under this chapter.

(vii) An analysis of the costs to San Francisco of providing facilities and services to the district while the area is being developed and after the area is developed and of the tax, fee, charge and other revenues expected to be received by San Francisco as a result of expected development in the district.

(viii) An analysis of the projected fiscal impact of the district and the associated development upon any affected taxing entity. If no affected taxing entities exist within the district because the plan does not provide for collection by the district of a portion of properties tax revenues allocated to any taxing entity other than San Francisco, the district has no obligation to any other taxing entity under this subdivision.

(ix) A statement that the district will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of the district.

(4) The proposed infrastructure financing plan must be mailed to each landowner in the district, other than the port, and any affected taxing entity for review, together with any report required by the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that pertains to the proposed public facilities or the proposed development project for which the public facilities are needed, and must be made available for public inspection. The report also must be sent to the planning commission and the Board.

(5) The port must consult and, if requested, meet with any affected taxing entity. Each affected taxing entity must review and approve or disapprove the infrastructure financing plan within 30 days of its receipt of notice and required attachments. Failure of an affected taxing entity to disapprove of the proposed infrastructure financing plan in writing within the 30-day period will be deemed approval.

(6) The Board must hold a public hearing regarding the infrastructure financing plan, which must be scheduled on a date no earlier than 60 days after the plan has been sent to each affected taxing entity or, in the absence of any affected taxing entities, no earlier than 30 days after the plan has been lodged with the clerk of the Board. Notice of the public hearing must be published not less than once a week for four successive weeks in a newspaper designated by the Board for publication of official notices in San Francisco or, if the Board no longer designates a newspaper for publication of official

notices, a newspaper of general circulation published in San Francisco. The notice must state that the district will be used to finance public works, briefly describe the public works, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district and state the day, hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the prior proceedings, may appear before the Board and object to the adoption of the proposed infrastructure financing plan by the Board.

(7) At the hour set in the required notices, the Board will proceed to hear and pass upon all written and oral objections. The hearing may be continued from time to time. The Board will consider any recommendations of affected taxing entities, and all evidence and testimony for and against the adoption of the infrastructure financing plan.

(8) Unless at least 12 persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, no election will be required to form the district, and at the conclusion of the hearing, the Board may adopt an ordinance adopting the infrastructure financing plan as drafted or as modified by the Board, or it may abandon the proceedings.

(9) If 12 or more persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, the Board must submit the proposal to create the district to the qualified electors of the proposed district in accordance with the procedures set forth in Section 53395.20 of this chapter before proceeding to consider an adopting ordinance.

(10) Any public or private owner of land that is not within an existing district but that has any boundary line located within 2,500 feet of a boundary of the district may petition the district for the inclusion of the land in the district without the need for an election. As a condition to inclusion of its land in the district, the petitioning landowner must acknowledge and agree that any portion of the land within 100 feet of the Bay Conservation and Development Commission shoreline (shoreline band) will include contiguous public access along the length of the shoreline band, improved and maintained to standards equal to adjacent waterfront public access ways on public property, as certified by the Bay Conservation and Development Commission.

(11) The ordinance creating a district and adopting or amending an infrastructure financing plan will establish the base year for the district. The Board may amend an infrastructure financing plan to divide an established district into one or more project areas, to reduce the district area or to expand the district to include a petitioning landowner's land by ordinance in accordance with the Board's established procedures. Any ordinance adopting or amending an infrastructure plan will be deemed an ordinance adopted under Section 53395.23 for the purposes of this chapter. Unless provided otherwise in the infrastructure financing plan, the port may use incremental tax revenues allocated to the port under this chapter for authorized facilities on any land under the administration and control of the port.

(i) In event of any conflict between the provisions of this section and any other section in this chapter, the provisions of this section control.

SEC. 3. Subdivision (a) of Section 96.1 of the Revenue and Taxation Code is amended to read:

(a) Except as otherwise provided in Article 3 (commencing with Section 97), and in Article 4 (commencing with Section 98), for the 1980-81 fiscal year and each fiscal year thereafter, property tax revenues shall be apportioned pursuant to this section and Section 96.2 by the county auditor, subject to allocation and payment of funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code and paragraph 3 of subdivision (h) of Section 53395.8 of the Government Code, to each jurisdiction in the following manner:

(1) For each tax rate area, each jurisdiction shall be allocated an amount of property tax revenue equal to the amount of property tax revenue allocated pursuant to this chapter to each jurisdiction in the prior fiscal year, modified by any adjustments required by Section 99 or 99.02.

(2) The difference between the total amount of property tax revenue and the amounts allocated pursuant to paragraph (1) shall be allocated pursuant to Section 96.5, and shall be known as the "annual tax increment."

(3) For purposes of this section, the amount of property tax revenue referred to in paragraph (1) shall not include amounts generated by the increased assessments under Chapter 3.5 (commencing with Section 75).

Appendix C:
Potential State Budget Impacts of
the Port's Proposed Changes to the IFD Law

Calculating the potential impacts of the IFD Law amendments by the Port is a highly speculative exercise that depends on a number of factors, including the feasibility of developing certain areas of the San Francisco waterfront that have not seen significant private investment since the State granted the Port to the City in 1968 via the Burton Act.

The Port has reason to believe that there is developer interest in both Pier 70 and Seawall Lot 337 (SWL 337). While the true costs of development are unknown, the Port expects a Pier 70 development program of $2 billion or more and a development program at SWL 337 in the neighborhood of $1 billion.

Pier 70 has so many indicators of blight that it is a foregone conclusion that the Port could establish a redevelopment area for this site, but the maritime industrial uses at the site do not lend themselves to housing development of any kind. Port staff believes that the State is unlikely to see its share of property tax increment from Pier 70 under any scenario.

Development of Pier 70 and SWL 337 will undoubtedly yield other direct financial benefits to the State, in the form of sales and income tax, but calculating these benefits is impossible without a distinct development program. This analysis focuses solely on property tax ramifications of the Port's proposal.

Finally, this analysis is based on the assumption that the San Francisco Unified School District remains a revenue-limit school district for the foreseeable future.

Pier 70 IFD

In March 2001, the Port competitively bid a development opportunity at Pier 70 which led to exclusive negotiations with a private developer (AMB). Negotiations failed in June 2002 due to the high costs of development at Pier 70 and a downturn on the real estate market.

The Port is currently engage in master planning for Pier 70 through community workshops, which is expected to lead to a nomination to the National Register of Historic Places for the Pier 70 district and a development RFP as early as Fall 2008.

Port staff estimate that Pier 70 redevelopment will require environmental remediation costs of $30 million, rehabilitation of 20 historic buildings at a cost of $175 million, open space costs of $37 million, infrastructure costs (roads, utilities, etc.) of $96 million, fill removal costs of $8 million, and significant (but unknown) additional costs for new development and parking. The Port currently estimates a capital investment of $2 billion at Pier 70. Depending on the size of the ultimate development program at Pier 70, Port staff and economic consultants currently project a Pier 70 project ranging from $37 to 75 million.

Based on these assumptions, Pier 70 will yield the following tax increment:

Pier 70 Annual Tax Increment Projections	
Taxing Entity and % of Increment	**Anticipated Annual Tax**
City and County of San Francisco (64.7%)	$13,153,510
State of California (25.3%)	$5,143,490
San Francisco Unified School District (7.7%)	$1,565,410
Community College District, BART and the Bay Area Air Quality Management District (2.3%)	$467,590
Total	**$20,330,000**

The proposed changes to the IFD Law would create bonding capacity of $66 million for Pier 70 parks and shoreline access, bayfill removal and environmental remediation – thus substantially funding the projected costs for this work at Pier 70 and closing the finance gap for the development.

The State is unlikely to realize these increased property tax revenues from Pier 70 in the absence of the proposed changes to law. If the legislation is adopted, and the Port establishes a Pier 70 IFD and develops Pier 70, the San Francisco Unified School District ("SFUSD") will receive $1.5 million annually. The SFUSD is a revenue-limit district (receiving State per pupil funding), and state school funding formulas will reduce per pupil State aid by an amount equal to the increase property tax generated via the Pier 70 development, for as long as the SFUSD remains a revenue-limit district.

Thus, the State of California stands to save $1.5 million annually from development at Pier 70 with the support of an IFD that captures the State's share of tax increment.

Seawall Lot 337

Pursuant to SB 815 adopted by the Legislature and signed by the Governor in 2007, the Port is currently engage in a competitive solicitation for development of Seawall Lot 337 (SWL 337), which includes 15 acres of property in Mission Bay. The site is currently a paved parking lot serving AT&T Ballpark.

On February 14, 2008, the Port received qualifications and development concepts from four teams. The competitive process, which includes a public review and comment period, is expected to yield a single developer. The site is a former RCRA site; clean up costs associated with the proposed development are unknown. The Port also envisions a large waterfront open space at the site (costs for this are unknown until later in the competitive solicitation). Port staff expects a development program consisting of 1.5 to 2 million square feet and a capital investment in the site of $1 billion.

Based on these assumptions, SWL 337 will yield the following tax increment:

SWL 337 Tax Increment Projections	
Taxing Entity and % of Increment	**Anticipated Annual Tax**
City and County of San Francisco (64.7%)	$6,017,100
State of California (25.3%)	$2,352,900
San Francisco Unified School District (7.7%)	$716,100
Community College District, BART and the Bay Area Air Quality Management District (2.3%)	$213,900
Total	**$9,300,000**

SWL 337 can likely be developed without the State's share of tax increment, but the inclusion of this funding in the SWL 337 development program will provide for estimated bonding capacity of in the neighborhood of $30 million to defray open space and environmental remediation costs and allow for a greater ground rent to the Port, furthering the Legislature's purposes in SB 815. SB 815 directs the Port to spend all net revenues from SWL 337 development on historic preservation (e.g., on the Port's historic finger piers) and waterfront open space required pursuant to the BCDC Special Area Plan for the San Francisco Waterfront.

Port staff projects that development of SWL 337 under these conditions – expected in approximately five years – will result in reduced State property tax revenues of $2.4 million annually.

Conclusion – State Budget Impact

Combining the State budget impacts from SWL 337 (expected in five years) and Pier 70 (expected in 7-10 years), an IFD including SWL 337 would cost the State $2.4 million annually and a Pier 70 IFD would save the State $1.5 million annually, resulting in a de minimus budgetary impact of less than one million annually.

PORT OF SAN FRANCISCO

MEMORANDUM

April 2, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Authorization to accept and expend $1,522,536 in 2007 Infrastructure Protection Program Port Security Grant Program funds from the Department of Homeland Security for security improvements at the Port of San Francisco.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Funding Overview

On March 5, 2007, the Port of San Francisco, with the Ports of Oakland, Richmond and Stockton, applied for grant funding through the Department of Homeland Security's (DHS) 2007 Infrastructure Protection Program (IPP) Port Security Grant Program (PSGP). Under this program, DHS made grant funds available on a competitive basis to ports for the following purposes: increase port-wide risk management; enhance domain awareness; improve regional prevention, protection, response and recovery capabilities; conduct training and exercises; and support implementation of the Transportation Worker Identification Credential (TWIC). Additionally, DHS required that projects address critical infrastructure protection as outlined in the National Preparedness Goal (NPG) as well as one of its implementation documents, the National Infrastructure Protection Plan (NIPP).

Prior to 2007, each port competed individually for DHS funding. Starting in 2007, DHS grouped multiple ports together to reflect geographic proximity, shared risk, and a common waterway. Eight port regions were selected as Tier 1 (highest risk) ports. The ports of San Francisco, Oakland, Richmond, and Stockton were grouped as one eligible Tier 1 entity - the Bay Area Port Area. For the 2007 grant cycle, DHS set aside a specific amount of money for which each eligible entity within a particular Tier 1 Port Area could apply. $11,201,793 was set aside for the Bay Area Port Area.

This Print Covers Calendar Item No. 8A

Applications from each entity within the port group were evaluated locally by the Coast Guard's Captain of the Port prior to being reviewed at the federal level by DHS staff. This local review ensured proposals addressed vulnerabilities identified in port risk assessments, and were integrated among port entities within the Captain of the Port Zone. The Coast Guard Captain of the Port San Francisco Bay conducted this first level review of the Bay Area Port Area applications.

During the past year, Port staff collaborated closely with the other Tier 1 ports, maritime stakeholders, and the Coast Guard to improve maritime security throughout the region. Monies received through the 2007 PSGP will fund security projects designed to improve security both within the Port of San Francisco, and on a regional basis. Past Port of San Francisco grant-funded projects include a Security and Vulnerability Assessment, Emergency Operations Plan, Physical Security Plan, security upgrades to the Pier 35 Cruise Ship Terminal and Pier 80 cargo terminal, and high security fencing.

The Port's long-term strategy for funding security improvements includes leveraging matching funds from outside sources when possible, in order to maximize the limited funding available from internal sources. Port staff delayed submitting this Accept and Expend resolution to the Port Commission pending disbursement of funds from the State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Prop. 1B), in the hope that matching funds for the 2007 PSG would be available from this bond. If funds had not been available from this source, a restructuring of the Port's funding strategy would have been in order. This was unnecessary; on March 6, 2008, the Port was awarded Prop. 1B funding that included matching funds for the subject PSGP grant.

The Port's Grant Application

One significant way in which the Port's 2007 application differed from prior applications was its emphasis on regional security interdependence. All ports in the Bay Area region are served by a common waterway, and an incident at one port will negatively impact not just the other ports, but the region as a whole. Through no small amount of initiative on the part of Port of San Francisco, each of the four Bay Area ports jointly signed on to a "joint strategy statement", which rolled the elements of the individual applications into a single strategy document designed to improve security on a regional basis. The regional risk, vulnerability and response capability assessment application–sponsored by the Port of San Francisco—demonstrated a regional acknowledgement that a security incident at one port affects all ports within the region. In future years, the vulnerability assessment will serve to promote the idea that in order to strengthen port facilities on a regional level, funding should go to the ports where it will buy down the most risk to the region as a whole, without regard to 'proportionality'. Regionally, maritime facilities are only as strong as the weakest facility, so buying down risk at one facility reduces the risk of attack at all facilities within the region.

On August 7, 2007, the Port was awarded the following funding under the 2007 DHS Port Security Grant program:

- **$981,786 – Phase 2 of the Port's High Security Fencing Plan** to complete installation of the Port's High Security Fencing Plan. The Port's recent award of Prop. 1B funding will provide the $327,262 (25%) in required non-federal match monies. In this portion of the application, the Port applied for a total amount of $1,968,748 in funding for an Intrusion Detection and Notification System, which included security fencing ($981,786) and closed-circuit television (CCTV) cameras ($986,962). DHS awarded funding only for the high security fencing portion of the Intrusion Detection project.

- **$540,750 – San Francisco Bay Regional Security Risk, Vulnerability and Response Capability Assessment.** The result of this project will be a more complete understanding of the 4 Tier 1 ports' collective threats and vulnerabilities, thereby allowing them to more effectively utilize available security resources and port security funding. The Port's recent award of Prop. 1B funds will provide the required $180,250 (25%) non-federal fund match.

The grant performance period is a maximum of thirty-six months, and commenced on the award date, August 7, 2007. The contract manual for Phase Two of the High Security Fencing contract has been in development for the past 12 months. The project is on track to go out for bid during the first quarter of fiscal year 2009, with substantial completion expected 12 months later. The 4 Tier 1 ports plan to complete the scope of work for the San Francisco Bay Regional Security Risk, Vulnerability and Response Capability Assessment during the first quarter of fiscal year 2009. The RFP will be issued during the second quarter of 2009, with a contract completion date of early summer 2009.

Commission Action

Port staff seek Commission authorization for the Executive Director to accept and expend $1,522,536 in 2007 Infrastructure Protection Program, Port Security Grant Program funds from the Department of Homeland Security for security improvements at the Port of San Francisco. Port staff also seek Commission authorization for the Executive Director to indemnify the granting agency, if required.

Prepared by: Sidonie Sansom
Director of Homeland Security

Daley Dunham
Principal Administrative Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-18

WHEREAS, the Infrastructure Protection Program's, Port Security Grant Program (PSGP) provides grant funding to port areas for the protection of critical port infrastructure from terrorism, and the PSGP funds are primarily intended to assist ports in enhancing risk management capabilities, enhance domain awareness, enhance capabilities for prevention, detection response and recovery from attacks involving improvised explosive devices and other nonconventional weapons; and

WHEREAS, on March 5, 2007 the Port of San Francisco, in a coordinated effort with the ports of Oakland, Richmond and Stockton, submitted an application for grant funds under the PSGP; and

WHEREAS, on August 7, 2007, the Port of San Francisco was awarded $1,522,536 in grant funds for installation of high security fencing and regional vulnerability assessment activities; now, therefore, be it

RESOLVED, that this Port Commission hereby authorizes the Executive Director to seek the Board of Supervisors' approval to accept and expend the grant; and be it further

RESOLVED, that this Port Commission hereby urges the Board of Supervisors to approve the request for approval to accept and expend the grant; and be it further

RESOLVED, that the Executive Director or her designee is hereby authorized to execute an agreement, on behalf of the City and County, indemnifying the federal government for liability associated with the activities funded through this grant to the extent approved by the City's Risk Manager, if required by the granting agency; and be it further

RESOLVED, that this Port Commission, subject to the Board of Supervisors' approval, hereby authorizes the Executive Director or her designee to execute for and on behalf of the City and County of San Francisco, any documents necessary to enter into the grant agreement with Department of Homeland Security, including any extensions, augmentations or amendments thereof.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 3, 2008

TO: MEMBERS, PORT COMMISSION
Hon., Kimberly Brandon, President
Hon., Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Request approval of the proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots under Lease No. L-11515 in an amount not to exceed $355,250

DIRECTOR'S RECOMMENDATION: Approve Settlement Agreement

Background

An informational presentation was brought to the Port Commission on the terms of the proposed settlement agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") at the January 15, 2008 Port Commission meeting. Approximately 60 pilots share ownership in the Bar Pilots. They move more than 8,500 vessels per year working closely with shipping agencies, tug companies and the U.S. Coast Guard to deliver cargo to various ports in the Bay Area and Monterey Bay. The Bar Pilot's geographic area of responsibility encompasses the entire Bay Area as far out as Stockton and Sacramento as well as Monterey Bay.

In 1989 the Port and the Bar Pilots executed a 20-year lease (No. L-11515), for 45,074 sq. ft. of real property at the end of Pier 9 consisting of shed and apron space. The Bar Pilots leased this space from the Port in its as-is condition as unimproved warehouse space and made significant improvements including construction of office, dispatch and member accommodations. The 1989 lease terms reflect the unimproved condition of the premises at the time of lease commencement. The Bar Pilots currently pay the Port $29,018.51 monthly for these premises.

This Print Covers Calendar Item No. 8B

Apron Repairs/Settlement Agreement

In 1992, the Bar Pilots and the Port entered into a settlement agreement to resolve a dispute with regard to repair of the apron and fenders at Pier 9. The 1992 agreement was a cost sharing arrangement between the Port and the Bar Pilots to make the necessary repairs. The Port provided the labor and some materials and the Bar Pilots provided cash contribution for the repairs. The previously repaired apron has been deemed in need of further repair. It is unclear from the current condition survey why the 1992 repairs were not sufficient.

Together with the Bar Pilots engineers, the Port engineering and maintenance staffs have determined the cost of repair to the Apron to be $710,500 ("Apron Repair Costs"). The Bar Pilots and Port are proposing to enter into a new settlement agreement ("Settlement Agreement") relating to the repair of the apron, its underlying substructure, the fendering system (collectively, "Apron") and the cost sharing mechanism between Port and the Bar Pilots for the Apron Repair Costs. The Bar Pilots shall fully fund the repairs, provided that upon completion of the Apron repairs, Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250. The Bar Pilots shall be entitled to receive the rent credit only if all of the following conditions are met: (i) The Bar Pilots are not in default, under any term or condition of Lease No. L-11515; (ii) Port has reviewed and approved copies of receipts, cancelled checks, invoices marked "Paid", unconditional lien waivers from all contractors, subcontractors, suppliers and materialmen who provided any labor, materials or services related to the Apron work, and other items reasonably acceptable to Port evidencing proof of such expenditures; and (iii) a final sign off for the Apron work has been issued by the Port. Upon satisfaction of the foregoing conditions, the rent credit shall be applied against the immediately following monthly installment of base rent due; provided however that, in the event all or any portion of the rent credit available to the Bar Pilots exceeds an amount equal to one-half (½) of such monthly installment of base rent due, the remaining portion of the rent credit shall be carried forward to the next installment of monthly base rent due at a rate not to exceed one-half (½) said base rent due until the earlier to occur of (x) the rent credit being fully applied, or (y) a default by the Bar Pilots of any term or condition of Lease No. L-11515 or expiration of Lease No. L-11515. Additionally, under the proposed Settlement Agreement, repairs to the Apron shall last through at least December 31, 2024. The Bar Pilots shall be required to perform the repairs within a certain timeframe and the Bar Pilots shall be solely responsible for the maintenance, repair and replacement of the Apron including the underlying substructure and fendering system for the duration of Lease No. L-11515 term and any future lease. Should the Bar Pilots not perform the repairs within the specified timeframe, they will be subject to a liquidated damages assessment until the repairs are deemed complete pursuant to the terms of the Settlement Agreement.

Recommendation

Port Staff recommends the Port Commission approve the attached Resolution and authorize the Executive Director to execute the Settlement Agreement.

Prepared by Peter Dailey, Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-19

WHEREAS, Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, the San Francisco Bar Pilots Benevolent and Protective Association (the "San Francisco Bar Pilots") have been operating in San Francisco since 1835; and

WHEREAS, the San Francisco Bar Pilots have been a Port of San Francisco maritime tenant in good standing since 1989 and have maintained their headquarters and operations/dispatch center at the end of Pier 9; and

WHEREAS, the San Francisco Bar Pilots currently lease 45,074 square feet of real property consisting of office, shed and apron space under Port Lease No. L-11515; and

WHEREAS, the San Francisco Bar Pilots will repair apron and fenders and the underlying substructure at Pier 9 and will receive a rent credit of up to half the cost of the repairs not to exceed $355,250 based upon the terms and conditions in the settlement agreement; and,

WHEREAS, the Port and the San Francisco Bar Pilots have negotiated a Settlement Agreement on terms set forth in the staff report accompanying this resolution that results in a shared responsibility to repair specific apron, fendering and substructure at Pier 9 settling prior responsibilities and solidifying the premises for future maritime uses; now be it

RESOLVED, that the San Francisco Port Commission hereby approves the Settlement Agreement with the San Francisco Bar Pilots substantially in the form on file with the Commission Secretary for space at Pier 9 on The Embarcadero at Broadway.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 2, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

An informational presentation on the terms of the proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") was made to the Port Commission at the January 15, 2008 Port Commission meeting.

Port staff now seeks the Commission's approval of a new Lease with the Bar Pilots as presented at the January 15, 2008 meeting. A review of those lease terms is presented in this report. Approximately 60 pilots share ownership in the Bar Pilots. They move more than 8,500 vessels per year working closely with shipping agencies, tug companies and the U.S. Coast Guard to deliver cargo to various ports in the Bay Area and Monterey Bay. The Bar Pilot's geographic area of responsibility encompasses the entire Bay Area as far out as Stockton and Sacramento as well as Monterey Bay.

Background

In 1989 the Port and the Bar Pilots executed a 20-year lease (No. L-11515), for 45,074 sq. ft. of real property at the end of Pier 9 consisting of shed and apron space. The Bar Pilots leased this space from the Port in its as-is condition as unimproved warehouse space and made significant improvements including construction of office, dispatch and member accommodations. The 1989 lease terms reflect the unimproved condition of the premises at the time of lease commencement. The Bar Pilots currently pay the Port $29,018.51 monthly for these premises.

This Print Covers Calendar Item No. 8C

The Bar Pilots have approximately twenty months remaining on Lease No. L-11515 which expires on December 31, 2009. The Bar Pilots are headquartered at Pier 9 where they dispatch and oversee vessel operations, perform vessel maintenance, maintain office space for the administration of the Bar Pilots business and maintain quarters for housing on-duty pilots. For matters of planning and continuity, the Port and the Bar Pilots began negotiations in 2006 with the goal of entering into another long-term lease. The Bar Pilots are a tenant in good standing. Staff is pleased to inform the Port Commission that both parties have agreed upon the following lease terms for a new lease at Pier 9:

Lease Terms for New Lease No. L-14282

LANDLORD:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION
TENANT:	San Francisco Bar Pilots Benevolent and Protective Association
PREMISES:	Pier 9 - 19,718 s.f. of office space; 20,088 s.f. of shed and storage space 14,342 s.f. of apron space 54,148 s.f. Total
LEASE COMMENCEMENT DATE:	January 1, 2010
LEASE EXPIRATION DATE:	December 31, 2024
LEASE TERM:	Fifteen years
MONTHLY BASE RENT:	Office Space: $74,928.40 ($3.80 psf/month) Shed and Storage Space: $18,882.72 ($0.94 psf/month) Apron Space: $ 3,298.66 ($0.23 psf/month) Total Monthly Base Rent: $97,109.78

Base Rent shall be adjusted by 3% annually. The above rates for 2010 reflect a 20% discount from estimated January 1, 2010 market rates for comparable space to acknowledge Tenant's long history of maritime tenancy at the Port. Base Rent shall be adjusted to market at 5-year intervals; however Port agrees that the first such 5-year market adjustment to be effective January 1, 2015 will again reflect a 20% discount from market rates for comparable space provided no event of default has occurred or is continuing. Rates are based on the FY 2005/06 rental schedule. Thereafter, subsequent 5-year market rate adjustment will occur without such discount. Any inability to reach mutual agreement on the definition of said market rate to result in mandatory arbitration as detailed in the lease, including the option of either party to terminate the lease.

USE:	The Premises shall be used for offices, locker rooms, meeting rooms, exercise, dining and sleeping facilities for the San Francisco Bar Pilots, vessel berthing and maintenance facilities and support functions reasonably appurtenant thereto, including automobile parking, and for no other purpose, provided that such activities are conducted in accordance with the Best Management Practices specified in the lease. Such Best Management Practices may be revised from time to time by the Tenant with the prior written consent of the Port's Executive Director.
COMMON AREA MAINTENANCE CHARGES (CAM):	Tenant shall be responsible for its proportionate share of common area maintenance charges ("CAMs") from and after the 5th anniversary date of the Lease Commencement Date ("Anniversary Date") or the 10th Anniversary Date, as applicable, if the Port Commission approves the assessment of CAMs for Pier 9 prior to the 5th Anniversary Date or the 10th Anniversary Date, as applicable, with adjustments if CAM charges would exceed 20% of Base Rent in the first year in which they are allocated to Tenant. Tenant shall have the option to terminate the Lease if Tenant elects not to pay the CAMs.
SECURITY DEPOSIT:	Tenant shall provide a Security Deposit equal to $109,361.48 by Lease Commencement Date and an additional $109,361.48 within the subsequent 12-month period such that the Security Deposit will equal no less than twice the Base Rent of the 49th month of the lease term. Subsequent Security Deposit adjustments will be required as Base Rent increases such that the security deposit shall always be equal to no less than two months of the then current Base Rent.
APRON AND FENDER:	Tenant shall be solely responsible for the maintenance, repair and/or replacement of the apron including the substructure and fendering system.
INSURANCE:	Tenant shall provide insurance coverage acceptable to Port and City Risk Manager.
CITY REQUIREMENTS:	The lease shall include provisions requiring Tenant to comply with all applicable City laws (including, but not limited to, Non-discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws).
ENVIRONMENTAL OVERSIGHT DEPOSIT (ABOVE AND BEYOND SECURITY DEPOSIT):	$10,000

LETTER OF CREDIT (ABOVE AND BEYOND SECURITY DEPOSIT):	$100,000

Environmental Security Requirements for Lease No. L-14282

In addition to standard lease provisions such as those prohibiting the introduction of hazardous materials onto Port property, the lease shall include provisions specific to the Bar Pilots' operations as noted below:

1) The Bar Pilots shall provide to the Port copies of any and all Certificates of Financial Responsibility (COFR) required of their fuel provider(s) pursuant to CCR Title 14 §791.7.

2) The Bar Pilots shall provide to the Port a copy of best management practices (BMPs) designed to ensure environmental compliance, pollution prevention and overall minimization of environmental risks. The following best management practices shall be exhibits to the Lease:

    - Pier 9 Fueling Procedures (1 page)
    - Pier 9 Lube Oil Change and Transfer Procedures (1 page)
    - Oil Spill Reporting Procedures (1 page)
    - Water Quality Insurance Syndicate (from bulletin board)
    - Emergency Action Plan (pp. 1-7)
    - Hazardous Communications Plan (pp. 1-8 + Appendices A-D)

Recommendation

Lease No. L-14282 keeps the San Francisco Bar Pilots, a significant maritime tenant and a tenant in good standing, at Pier 9 through 2024 and helps the Port fulfill its maritime mission. Port Staff recommends the Port Commission approve the attached Resolution and authorize the Executive Director to execute Lease No. L-14282.

Prepared by Peter Dailey, Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-20

WHEREAS, Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, the San Francisco Bar Pilots Benevolent and Protective Association (the "San Francisco Bar Pilots") have been operating in San Francisco since 1835; and

WHEREAS, the San Francisco Bar Pilots have been a Port of San Francisco maritime tenant in good standing since 1989 and have maintained their headquarters and operations center at the end of Pier 9; and

WHEREAS, the San Francisco Bar Pilots currently lease 45,074 square feet of real property consisting of office, shed and apron space under Port Lease No. L-11515; and

WHEREAS, Lease No. L-11515 expires in December 2009 and the San Francisco Bar Pilots and the Port have negotiated a new lease (Lease No. L-14282) at the current premises that will extend through December 2024 whose terms are further described in the staff report accompanying this Resolution; now be it

RESOLVED, that the San Francisco Port Commission hereby approves Lease No. L-14282 to the San Francisco Bar Pilots substantially in the form on file with the Commission Secretary for space at Pier 9 on The Embarcadero at Broadway.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 2, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Informational Presentation of the Seawall Lot (SWL) 337 Advisory Panel Review and Deliberations Regarding RFQ Submittals for Development of SWL 337

DIRECTOR'S RECOMMENDATION: NO ACTION, PUBLIC COMMENT ITEM

Overview

In October 2007, the San Francisco Port Commission initiated a two-phase developer solicitation process for Seawall Lot (SWL) 337, a 16 acre Port waterfront site located along the south side of China Basin Channel, generally bounded by Third and Mission Rock Streets, and Terry Francois Boulevard. This development opportunity also allowed for the inclusion of Pier 48 as an option; Pier 48 is adjacent to the northeast side of SWL 337. The Port Commission directed the creation of the SWL 337 Advisory Panel, to review the developer submittals and make recommendations for consideration and action by the Commission. The members of the SWL 337 Advisory Panel, listed below, represent City and community stakeholders, with knowledge and expertise in economic development, environmental protection, urban and architectural design, neighborhood and citywide policy and community interests. Their professional biographies are contained in Exhibit 4, Attachment A, hereto.

Ruth Gravanis, Chair
Rod Henmi
Tony Kelly
John Rahaim
Paula Collins, Vice Chair
Sarah Karlinsky
Amy Neches

On February 14, 2008, four development teams responded to the first-phase Request for Qualifications (RFQ), which included a request for draft development concepts for the SWL 337 site; all four teams also included Pier 48 in their submittals. The four respondents presented their

This Print Covers Calendar Item No. 9A

development qualifications and development concepts at the February 26, 2008 Port Commission meeting, and at an all-day public workshop on March 1, 2008. Both of these meetings were widely noticed and structured to engage a high level of public review and comment, and direct dialog with the development teams. In addition to these public meetings, the Port received comments from the public via the Port's website, letters, and the Port's Central Waterfront Advisory Group. All public comments have been shared with the SWL 337 Advisory Panel and considered in their deliberations. See **Exhibit 1** for a summary of the comments received.

The RFQ submittals included information to document each team's financial qualifications and development experience, in addition to the RFQ development concepts. The financial qualifications assessment was conducted exclusively by Port staff. Port staff took the lead for evaluating the development team qualifications, and the Advisory Panel was responsible for evaluating the development concepts. The objectives and criteria used for each of these evaluations were contained within the RFQ offering.

This staff memorandum reports the findings and scores of the Port staff and SWL 337 Advisory Panel evaluations of the RFQ submittals for public review and comment at the April 8, 2008 Port Commission meeting. It is anticipated that recommendations to the Port Commission regarding the development teams to be invited to participate in the RFP phase will be presented at the April 22, 2008 Port Commission meeting.

At the suggestion of the Advisory Panel, the development teams are referred to in the Panel's evaluation and in this report by the entity within each team that has the majority investment interest, which appears first in each team listing:

- Boston Properties, Kenwood Investments & Wilson Meany Sullivan
- Cherokee Company, Build Inc., UrbanGreen Devco
- Cordish Company, Farallon Capital Management & San Francisco Giants
- Federal Development, Lehman Brothers & Construction, Management and Development

Development Team Financial Qualifications

The review of the financial documents and qualifications submitted by the respondents was conducted by Lawrence Brown, Port Financial Analyst. Mr. Brown was in contact with each of the development teams to review records and documents and ask questions regarding the scope and investment associated with the development concepts. In those discussions, it became apparent that all teams contemplated a development project that would cost approximately $1 billion. Based on that project cost, it is Mr. Brown's belief that each team should provide an equity contribution of at least $300 – 400 million, with the balance of the funding coming from debt financing. Mr. Brown thus conducted his evaluation within this framework. He has prepared a memorandum summarizing this review, attached as **Exhibit 2**, which concludes that all four teams have secured or have adequate access to the financial resources necessary to carry the type of development project for SWL 337 that the Port has requested in the RFQ.

Development Team Qualifications and Experience

Port Planning & Development staff carried out the review and research to evaluate the development experience and qualifications of each of the four respondents. Staff shared a preliminary draft of its development qualifications assessment and discussed it with the SWL

337 Advisory Panel, prior to finalizing our review. Table 1 below provides a summary of that assessment, measured against the development qualifications criteria presented in the RFQ. An accompanying staff memo, dated March 18, 2008, provides additional narrative analysis in **Exhibit 3.**

In summary, staff found that the Boston and Cordish teams are the two strongest teams. The Cherokee team score came in third, reflecting their relatively limited experience with large-scale development projects. The Federal team was found to be the weakest of the four because none of the large scale or waterfront projects they cited to substantiate their development experience have been completed or entitled. See Table 1 below for more explanation presented by qualification criteria.

Seawall Lot 337 Advisory Panel RFQ Development Concept Review

The Advisory Panel was responsible for evaluating the RFQ development concepts received from each respondent, measured against the SWL 337 Vision Statement and Objectives and Criteria as presented on pp. 23-30 in the RFQ. Together the Advisory Panel members represent a broad cross-section of expertise and interests, as was intended by the Port to ensure that development ideas for SWL 337 were reviewed from many different perspectives reflective of the Port's community stakeholders. In light of their own backgrounds, the Advisory Panel reviewed all public comments received by the Port prior to their deliberations on March 12, 2008. The Advisory Panel also asked follow-up questions of all the development teams, and received responses which were reviewed and considered in its deliberations.

The Advisory Panel's review and deliberations were detailed and extensive; the resulting report is attached in **Exhibit 4.** In summary, the Panel found that the Cordish and Boston development concepts were the two highest scoring proposals, and that both should be invited to participate in the RFP process. The point scores for the two teams are very close, but they reflect different strengths and attributes.

In the Boston proposal, the Advisory Panel responded positively to the neighborhood-scaled site plan, which the Advisory Panel believes is conducive to creating a vital, active pedestrian-friendly urban neighborhood. In addition, the Advisory Panel expressed strong positive support for Boston's proposed reuse of Pier 48, using the arts theme as a foundation for exhibits, performance events, galleries and commercial activities within the shed, to create a unique new way to attract people to enjoy the waterfront. The Advisory Panel did flag a number of concerns regarding shortcomings of the public open space component, and many questions regarding how housing for working artists could be effectively implemented and managed over the long-term.

In the Cordish proposal, the Advisory Panel embraced the "Great Lawn" and Waterfront Park at the north end of SWL 337 as the strongest major public open space element of the four team submittals. This open space was found to be highly responsive to the open space objectives and criteria in the RFQ, including the incorporation of water recreation activities, active and passive recreation and native vegetation and habitat area. The Advisory Panel also liked the juxtaposition of this park with the rehabilitated Pier 48. A main issue of concern to the Advisory Panel was that the amount, nature and intensity of the retail and entertainment uses in the development program could result in an environment oriented more toward regional and tourist

audiences, and less to local and neighborhood-oriented activities that are conducive to creating successful mixed use neighborhood districts.

The Advisory Panel found many weaknesses in the Federal team proposal. The Advisory Panel unanimously disagreed with Federal's concept of building several floors of parking, topped with open space and concentrated development in the proposed four towers. Despite the generous amount of open space acreage created by this approach, the Advisory Panel found shortcomings that outweighed the intended public benefits proposed by Federal. The elevated platform over the entirety of the SWL 337 site creates a disconnect from the waterfront that precludes the ability to optimize waterfront open space enjoyment, and blocks waterfront views from Third Street and other points west of SWL 337 within the Mission Bay area. Additionally, the Advisory Panel did not see in the arrangement of the towers and podium open space any clear design or programming that would create a sense of place that would attract people from outside of the development to come up to the open space from below. In general, the Advisory Panel did not believe that Federal's design concept was an appropriate development response for San Francisco, or for the SWL 337 site, and did not recommend that this team be invited to participate in the RFP.

The Cherokee team's philosophy and approach to development generated as much discussion amongst the Advisory Panel members as the development concept itself. The Advisory Panel understood and appreciated the import of Cherokee's approach to work with the community to collaboratively shape the development of SWL 337. However, this raised many questions about how serious Cherokee was about the development concept submitted for the RFQ. Of all four teams, Cherokee's proposal was the most conceptual and undeveloped. Some Advisory Panel members strongly disagreed with the merit of Cherokee's proposed division of the site into three large triangular blocks, and did not believe it created a desirable arrangement or scale of neighborhood development. There were other questions about the feasibility of creating one, and possibly two floors of underground parking beneath the entirety of the site. And yet, several Advisory Panel members also recognized and appreciated the imaginative and collaborative energy within the Cherokee team, and its "organic" approach to similarly work with the community to arrive at development that garners public support. Given the high level of public participation in San Francisco development projects, the Advisory Panel recognized that these skills are an important attribute for a developer, that factors into successful projects. Ultimately, four Panel members felt that Cherokee should be invited to participate in the RFP, and three did not. In light of this close vote, the Advisory Panel agreed that it should remain neutral and forward its findings to the Port Commission for its consideration and action as part of the Port Commission's decision-making process.

The total point score of the development team responses, based on the Port staff and Advisory Panel evaluation of financial capability, development qualifications, and development concepts is presented in the Table 2 below.

The Port Commission, staff, and Advisory Panel members wish to express their appreciation and thanks to all the development teams for participating in this RFQ/P process, and for their support and active participation in the public meetings and reviews. The level of information presented and exchanged, and the investment of time and resources has been extraordinary. It has fostered a high level of public understanding of this complex development opportunity at a very early

stage which the Port believes is essential to achieving successful development that is publicly supported.

Table 1: SWL 337 RFQ Developer Qualification Scoring Summary

Phase 1 Evaluation Criteria	Cherokee Company Build Inc. UrbanGreen Devco	Federal Development Lehman Brothers	Boston Properties Kenwood Investment Wilson Meany Sullivan	Cordish Company SF Giants Farallon Capital Management
CATEGORY				
Entity and Team Experience				
Experience successfully developing a project of the type and scale envisioned in this RFQ and proposed by the developer.	**MODERATE** - Build does not have experience in development of mixed use projects of this scale. Cherokee has developed mixed use projects of comparable scale	**WEAK** - None of Federal's list of comparable mixed use projects has been completed.	**STRONG**	**STRONG**
Ability of the development team to implement complex development projects effectively, as demonstrated by comparable projects	**MODERATE** -Build's projects do not have the scale of or complexity of their proposed project	**WEAK** - Federal has not yet shown the ability to implement comparable projects.	**MODERATE** - Has not clearly demonstrated expertise in implementation of arts centered project	**STRONG**
Demonstrated understanding of local market and community issues, including local presence of development team, including major consultants.	**STRONG**	**WEAK** - Federal does not have experience implementing projects in the local area nor demonstrated an understanding of community issues.	**MODERATE** - Has not clearly demonstrated expertise in identifying the needs of the local arts community.	**MODERATE** - Cordish as the lead in entertainment development does not have local experience
Understanding of the approval process and ability of developer and development team to obtain key approvals in a complex regulatory environment, as demonstrated by comparable projects.	**MODERATE** - Local projects have not completed their entitlements	**WEAK** - Federal has embarked on complex development projects but has not reached significant milestones comparable to the expected approvals for SWL 337.	**STRONG**	**STRONG**
Prior success of developer with respect to architectural and urban design quality, quality of public amenities and historic preservation.	**STRONG**	**MODERATE** - Team development projects to date haven't yet demonstrated urban design/architectural quality; team's quality of public amenities and historical preservation is unknown.	**STRONG**	**STRONG**
Clear lines of responsibility within the developer's organization on which the Port can rely during negotiations and implementation of the project.	**STRONG**	**WEAK** - Federal's principal is not local to the west coast and the assigned project manager's experience with projects of this scale appears limited.	**STRONG**	**STRONG**
Experience of the developer to operate a project of the type and scale envisioned in this RFQ and proposed by the developer.	**WEAK** - The project team has demonstrated little operations experience.	**WEAK** - Federal's success in the long term operation and maintenance of properties is unknown.	**STRONG**	**STRONG**
Prior success of projects developed and/or managed by developer with respect to economic performance.	**STRONG**	**WEAK** - Federal's financial success in projects of this scale is unknown	**STRONG**	**STRONG**
Clarity, comprehensiveness and completeness of responses to this RFQ/P and to any subsequent Port requests for information, and the generation of community support.	**MODERATE** - Cherokee's proposal lacks clarity in the economic framework especially with regard to the proposed sale of a portion of the site.	**WEAK** - Submittal lacks clarity in open space, land use and parking concepts	**WEAK** - Submittal lacks clarity in open space and economic concepts	**STRONG**
Financial Capacity and Capability				
The financial capacity of the developer (including joint venture partners) to successfully undertake the proposed project.	**MODERATE** - Cherokee is team's only financial strength and appears to have access to adequate credit for SWL 337 concept; No financial information available for UrbanGreen Devco; Build's financial strength questionable for scope of SWL 337 project	**MODERATE** - Lehman is team's financial strength and should be able to fund team's concept despite current market uncertainties; Federal's access to debt and other financing sources questionable	**STRONG**	**STRONG**

Table 2: SWL 337 RFQ Evaluation Score Sheet

Phase 1 Evaluation Criteria		Boston Properties Kenwood Investment Wilson Meany Sullivan	Cherokee Company Build Inc. UrbanGreen Devco	Cordish Company SF Giants Farallon Capital Management	Federal Development Lehman Brothers
CATEGORY	**Max.**				
	Weight				
Development Concept					
Land Use	10	8.3	5.9	7.9	2.7
Open Space	10	7.1	5.3	9.1	2.3
Transportation	10	7.6	5.6	6.7	4.1
Character/Form	10	8.8	5.3	7.0	1.3
Economic	5	3.3	2.4	3.5	2.4
Sustainability	5	4.0	3.2	3.8	1.6
Subtotal Development Concept	**50**	**39.1**	**27.6**	**38.0**	**14.4**
Development Qualifications	**35**	**32.0**	**23.5**	**30.5**	**7.0**
Financial Capacity and Capability	**15**	**12.0**	**8.0**	**13.0**	**10.0**
Total	**100**	**83.1**	**59.1**	**81.5**	**31.4**

Prepared by: Diane Oshima, Asst. Deputy Director, Waterfront Planning
Jonathan Stern, Asst. Deputy Director, Waterfront Development
Phil Williamson, Development Project Manager

EXHIBIT 1
APRIL 8, 2008 PORT COMMISSION AGENDA ITEM NO. 9A

SEAWALL LOT 337 PUBLIC COMMENTS

Summary of Developer Presentations & Public Comments
February 26, 2008 Commission meeting; March 1, 2008 public workshop; March 5, 2008 CWAG meeting; on-line/other public comments received
Updated: March 31, 2008

KENWOOD DEVELOPMENT CONCEPT

- Create a community designed to attract and retain artists, who are increasingly priced out of San Francisco
- Design new development that embodies a neighborhood scale reflective of established San Francisco neighborhoods
- Create a place for creative enterprise (studios, galleries, performance space and installation venues, recognizing that art can create a destination for locals, attracts visitors
- Neighborhood character thus derives from local roots, creative culture in San Francisco& Bay Area, and local-based businesses
- Major open space in the center of the development oriented to create a park extending east to between Piers 48 and 50, enabling art studios to activate and have direct relationship with open space, possible recreational activities in the water; however, our open space ideas are still evolving
- Pier 48 is ideal for artist studios, exhibits, art markets, special events
- Smaller block/grid plan allows flexibility in development phasing, different architectural styles but still maintains a coherent layout

Public Comments:

- Several comments supportive of creating a place for artists, arts
- Some question as to whether there is an expressed need for artists in this area
- Arts/artists as a major use would not give adequate income to the Port, but art should be included in the project.
- Questions about whether arts theme is too narrow a focus for a site this large
- Several comments supportive of smaller block sizes to create more intimate neighborhood scale, though questions about how it can interface positively with rest of Mission Bay
- More detail needed to know how development can be managed to actually be available to a variety of artists; who decides who is an artist? (Kenwood: Acknowledged that these are important details, which have not been defined yet)
- The live/work "artist" lofts developed in the 90's did not get used for that purpose; how does the developer enforce eligibility requirements for artists to secure artist studio or housing?
- Question as to whether there will be 20% inclusionary affordable housing PLUS affordable artist housing? How much? Will it house blue collar workers?
- Can you assure that artist production processes will be compatible other developed uses
- Need stronger connections between the waterfront and development
- Some question whether above-grade courtyards/mid-block open spaces are desirable; successful (Daniel Solomon argued they are, in context of fined grain residential block size).
- Comments commending Kenwood/Meany for successful track record working with organized labor; Kenwood has committed to employ union labor in SWL 337 development
- Request for more information about auto circulation (Kenwood cautioned against over-building parking, and pointed out that development relies on/integrates T-line stop at Third/Mission Rock. At the same time, acknowledged Giants parking needs and stated ability to create up to 1500 more spaces if needed to meet ballgame demand)
- Question about Kenwood's rationale for "iconic" green tower (Kenwood: to generate economic return and to incorporate green building and sustainability technologies in building design)
- How tall is the tower? (Kenwood: about 300 feet, with 10,000 sq. ft. floor plate). Should be located in southwest portion of site, to protect public views of Bay)
- The urban design and development strategy allows flexibility for development phasing, which is good.

- Explore further: a larger waterfront park that also serves adjacent neighborhoods; parking facilities to meet Giants needs; increased density and income-producing uses (e.g. offices, life sciences) to increase revenues to the Port.

GIANTS/CORDISH CONCEPT

- Focal point is major public park/open space at north end of site, closing north leg of Terry Francois Blvd. Provides variety of features to reach down to the water/water recreation activities; promenade along the Bay edge; passive recreation on grassy area which is big enough to also be programmed for special events; integration of natural vegetations and some created wetlands
- Major, well-designed open spaces attract high use and appreciation of bay, like Crissy Field
- Performance and special event theatre/center for 5000 people; City needs venue of this size, away from more formal Civic Center (e.g. Herbst, Bill Graham Center)
- 400,000 sq. ft commercial/retail along a central street, linking parking garages at south end with open space; 790,000 sq. ft. office, 875 residential and hotel; take advantage of business/opportunity created with adjacent UCSF, Mission Bay; to create a mix of uses for 24/7 activity.
- 2600 parking spaces at south end of site, wrapped with retail/commercial, highly managed to shared use and availability to meet ballgame parking needs
- Pier 48 animated with indoor/outdoor events, opens out to plaza portion of the park
- Theater and entertainment uses mostly located at upper floors, reserving ground floors for commercial, neighborhood character

Public Comments:

- Comments from Fisherman's Wharf and Pier 39 that the amount of retail and entertainment uses would siphon business away from Fisherman's Wharf (Giants pointed out this use program is a different offering than in Fisherman's Wharf and could be complementary)
- What is the look and feel of this amount of retail and entertainment? What kind of retail tenants? Can Cordish conform to City preferences for local retail businesses? Is this model feasible? Yerba Buena Gardens retail/entertainment has been a struggle. Is this a 24 hour environment? How does that balance with new residential uses?
- Giants/Cordish proposal seems to have best responded to the RFQ.
- Several comments in support of creating music and performance venue
- Several comments supportive of northern location of public open space and its large size, and removal of northern leg of Terry Francois Blvd.
- Several comments supportive of park features that create water recreation opportunities, and wetlands/wildlife habitat
- Comment in support of including a dog park area
- Some concerns as to whether open space will be active, safe, and well-utilized (Giants indicated their intent to program uses frequently)
- Conference facility and event space in Pier 48 seems consistent with public trust objectives.
- Does the apparent emphasis on a mall/with destination entertainment consistent with creating a City neighborhood?
- Concern about overall density of proposed development being too high
- Does additional density translate in more revenue to the Port?
- How high are the towers: (about 300 foot residential tower with10,000 square feet floor plate, 200 feet tall residential and office buildings)
- Incorporation of SOMA/Mission Bay block layout is good.
- Support for Cordish/Giants parking management plan
- Question as to whether the parking program does mesh with rich transit infrastructure in the area; in what way is Giant's proposal more transit-first friendly than the other proposals?
- What is equity share among development partners?
- Concerns about poor relations between Cordish/Giants and building and construction trade councils
- Concerns about noise and impacts of outdoor concerts/entertainment on Potrero neighborhood

FEDERAL CONCEPT

- Federal has lots of waterfront development experience, working with communities

- Development design oriented to creating major amounts of open space in response to public comments, but still also responsive to Port financial/economic requirements, and Giants parking needs.
- Resulting design creates up to four levels of podium parking (up to 28 feet above grade), overlaid with 11 acres of park and open space, and four towers of residential and office space. Ground floor includes theatre/performance space. Overall height is 16-22 floors including parking levels. Park area creates pedestrian space, which is separated from traffic/circulation at the ground floor. If Giants parking needs are reduced, less parking can result in lower parking podium. Open space along China Basin steps down to the water while the podium park features a great lawn with outdoor performance venues
- Pier 48 is included in the proposal. Use program while facility is subject to BCDC Seaport Plan is berthing, kayak/recreational water use; if freed from the Seaport Plan, event and meeting space uses, art studios

Public Comments:

- Will you work with union labor? (Federal: Yes)
- Supportive comments for separating pedestrian circulation from auto/parking circulation
- Concerns expressed about transition at the edge of development site up to podium levels; how does that affect usability and use of the open space? Will people go up there to use the park space?
- Podium height: won't it block public views of water area between Piers 48 and 50?
- Is it possible to create more at-grade public open space, and create some "hills" of more concentrated stacked parking?
- Doesn't appear that the project/open space interacts with the shoreline/water. (Federal: the greenspace created expands the necklace of open spaces along the waterfront)
- How does this open space provide features that "bring back real nature"? How does it relate with the bay ecosystem?

BUILD CONCEPT

- Build took a "bottom up approach to analyzing the site; the development concept is a set of initial ideas that are still evolving, requires community dialog (which Build embraces) which may lead to potentially major changes in the site plan.
- Build worked with a large group of architects to develop a site plan, development of specific buildings and blocks is intended to be created by different architects, to create variety of styles
- The diagonal axis derives from desire to create a public view corridor from Third Street Bridge to the Bay, and from south end to the center of the new district
- Guiding principles: be an authentic San Francisco neighborhood; attract and retain families; be attractive to tourists too; engage a mix of uses for 24/7 hour activity
- Densest development concentrated in the southern half of site.
- Major open space oriented in mid-site, extending east to the bay edge between Pier 48 and 50, possibly ended at a beachfront
- Design actively incorporates ideas regarding sustainability and green technologies, such as wind power
- Proposal puts one level of parking (1,900 spaces) underground, and they're willing to go down another level if more parking is needed
- Proposal includes two residential towers, units are mixed income, including workforce housing, not subsidized, 900 units for sale, 700 rental. Build's proposal proposes that Port sell land for the condo units
- Pier 48 is included as incubator business space/PDR, similar to American Can building in Dogpatch

Public Comments:

- Supportive comments on Build's approach and commitment to work with the community to define site and development plan
- Support for including business incubator/ "green collar" jobs, which reflect awareness of local City workforce needs.
- Support for creation of place that is in the interest of locals rather than just newcomers and visitors.
- Open space is divided from the shoreline open space by roads
- Question as to whether open space is usable; can there really be a beach between Pier 48 & 50? (Build: This will become more defined and evolved in further work with community; acknowledged that "beach" feature may have to be constructed due to heavy tides that could erode any placement of beachfront). Does

proposal include activities that require contact with water? More opportunities created for water recreation enthusiasts?

- Can park incorporate facility for skate boarders?
- Questions about placement of two towers in center of site, block views of water between Pier 48 and 50; question about degree of separation between the two towers, their wind impacts on open space, and blockage of views to water from Channel Street.
- How does Build view the relationship of its development concept with the rest of Mission Bay?
- What are the heights of the two towers? (Build: 425 feet, 325 feet, Build has studied shadows)
- Many questions on whether underground parking is financially feasible
- Does Build/Cherokee have capability to finance development at this site? (Build: Cherokee has recently raised $1.2 billion)

GENERAL COMMENTS/COMMENTS TO ALL FOUR TEAMS

Open Space

- How will open space and new infrastructure be managed and maintained? (Cordish: We will manage needs of development, including programming of major park. Cherokee, Boston: possible funding sources – HOA, Mello Roos district, consider establishing assessments for new tenants/businesses.
- Like to have large open space, with a mix of smaller open spaces also integrated into development
- Waterfront park at the northern edge should be at least five acres, and should eliminate Terry Francois Blvd.
- "Public space" is more important than "Open Space", must be active, relevant to the new developed uses
- The inclusion of a skate park would be very desirable, targeted towards this popular recreation activity of kids and youth
- Provide definition of Blue Greenway for general public to be able to understand.

Urban Design/Density

- There is a recognition that SWL 337 development should be allowed to be differentiated from Mission Bay in terms of block size, building heights, site-layout, but at the same time not be cut off from Mission Bay
- Support to make the site as "porous" as possible, to provide many and varied ways to access into the site
- Vehicular, pedestrian and transit movement and circulation is very important; be realistic in accommodating the number of people using the site, which should be actively designed to be pedestrian friendly
- There is support for allowing taller building heights than the 160 ft. Mission Bay height limit, however, taller buildings need to take a tall, slender profile, be few in number, and be architecturally beautiful, as a focal point of SWL 337
- Move tall buildings away from shoreline, be protective of sunshine in open space

Sustainability

- Many positive comments on how developers are incorporating early thinking about how sustainability objectives affect site and development design concepts
- Don't limit sustainability ideas to those currently known; anticipate/provide for further advances in sustainability design

Housing Program

- Each development team should explain how it proposes to finance housing development on Port ground lease property
- What percentage of housing will be affordable?
- Will housing be affordable to blue collar workers?
- Will housing for families with children be included?
- Will housing be marketed for full-time residents who create neighborhood, vs. vacation/ pied a terre units?
- Too much residential will compete for parking with the ballpark, and conflict with Pier 50 maritime use.

Parking & Transportation

- Need to define the response to ballgame parking EARLY ON
- Developers should exploit "Car Share" to reduce number of privately owned vehicles being stored on-site

- Too much residential and its parking demands may challenge ability to create adequate shared parking resources.
- Will parking structures be designed so they can be converted to other uses if phased out of parking use?
- Underground parking is not feasible
- Third Street light rail is hampered by insufficient service

Developer Financial Qualifications/Development Revenue Potential

- What is equity stake within each development team?
- Who are the major decisions makers for each team, and will they be available to make quick decisions, and we they be in San Francisco if their team is selected to move forward?
- There is recognition of the Port's need to generate revenue to meet Capital Plan needs, and relationship to development density

Development Program/Development Character

- How do the projects assure activation of streets and public spaces? Many projects do not always fulfill expectations
- Need to ensure public amenities are delivered as early as possible, not deferred
- What are the full range of uses and square footages contemplated for each?
- Is Pier 50 included in the development opportunity? (Port: No)
- Are there plans for water taxi dock? How is water contact included in each proposal?
- Admired features: park and water access, Treatment of NW corner as gateway to SWL 337
- Developers must respect public trust use restrictions that apply to Pier 48
- Find a way to still retain some of the grittiness of the working waterfront.
- Mission Bay has a need for more neighborhood retail and commercial businesses; a lot of chain and large retail already has been developed along King & Third Streets.

EXHIBIT 2
APRIL 8, 2008 PORT COMMISSION AGENDA ITEM NO. 9A

PORT OF SAN FRANCISCO
MEMORANDUM

To: Phillip Williamson
Jonathan Stern

cc: Tina Olson

From: Lawrence Brown, Financial Analyst

Date: March 11, 2008 and updated March 18, 2008

Re: Financial Review of the Respondents to the SWL 337 RFQ

Pursuant to your request, I have reviewed the financial information provided by the respondents to the Request for Qualifications (RFQ) for the Sea Wall Lot (SWL) 337 mixed use development project. In talking to the respondents to this RFQ, it became apparent that they all envision a project that will cost approximately $1 billion when fully completed. A project of this size will necessitate, in my opinion, an equity contribution of at least $300M- $400M, with the balance of the funding coming from debt financing. Thus, I analyzed the financial ability of the respondents to provide approximately $300M-$400M in equity financing toward the development of this project., and their ability to obtain debt financing for the remainder. It should be noted that the entire equity and debt financial would probably not be needed at the start of the project, as it would take several years for the improvements to be completely built-out. However, since the project plans of the respondents are conceptual in nature, it is not possible, at this stage, to determine the amount and timing of the project funding.

Cherokee Investment Partners/Build Inc./UrbanGreen Devco

This development team consists of the firms Cherokee Investment Partners, Build Inc, and UrbanGreen Devco. The financial strength of this team is dependent on the financial strength of the Cherokee. No financial information on UrbanGreen Devco was available for review; and the financial strength of Build Inc. is, in my opinion, substantially less than one would expect of a company embarking on a project of this size.

Build Inc. — Highlights of Build Inc. financials are as follows: For the year ended December 2007 the company reported total income in the high six figures, and net income in the low six figures. Total Assets at 12/31/07 were in the low seven figures. Liquid assets at year-end were only in the low five figures.

Cherokee Investment Partners — Cherokee is a private equity firm investing, primarily, in Brownfield redevelopment. According to the company's 2006 sustainability report, it has more that $2 billion under management. The company has identified one of its funds as the source of funding for its SWL 337 investment. The fund was formed in 2005, and has total investor commitments in the low ten figures, almost all of which has yet to be funded. According to the company the investors are very large entities. Two of the investors are sizable pensions funds. According to a Cherokee spokesman, these two entities together accounted for almost half of the fund's commitments. The company's 2006 sustainability report indicated that the company has public pension plans, foundations and university endowments among its investors. Further, the fund making Cherokee's SWL 337 investment does have at its disposal a credit line in the mid nine figures to fund its operations until the investors fund their commitments. This line of credit is in place until at least May 2010, and is secured by the investor commitments. As of 12/31/06 (the latest for which information was provided), total fund assets were in the high eight figures, with liquid assets in the low eight figures. As of 12/31/06, a majority of the fund's line of credit was unused and available.

Federal Development/Lehman Brothers/Construction Management and Development, Inc.

This development team consists of the firms Federal Development, Lehman Brothers, and Construction Management & Development, Inc. The financial strength of this team is largely dependent on the financial strength of Lehman Brothers. The financial capacity of Federal Development was difficult to evaluate from the information provided, and no Construction Management and Development, Inc. financial information was available for review.

Federal Development — Federal Development is a firm specializing in the development of publicly owned real estate. The company presented its Balance Sheet information on both a cost and market value basis. As of 9/30/06 (the latest date for which information was provided), the company and its affiliates reported total assets in the low eight figures, most of which consisted of development costs and the value of the firm's property, plant and equipment. Liquid assets were in the low seven figures. The firm's total liabilities were fairly low. As a result, the overriding bulk of the firm's assets were financed with equity. The firm's equity was in the low eight figures as of 9/30/06.

On a market value basis, the firm reported total assets in the very high eight figures, with equity only slightly less. The increase in the value of firm's assets when viewed on this basis was due to the following: i) a capital lease that the firm valued in the low six figures, and ii) an increase in the firm's property, plant and equipment (P,P&E) when valued at market. There was no information provided on the nature of the firm's P,P&E so it was not possible to determine the reasonableness of management's estimate. However, I believe that these assets are primarily used in the firm's business operations; and, therefore, would not be available to generate cash in order to meet the firm's investment requirement for the SW L337 project. The firm may have access to debt or other financing to meet its commitment, but no information concerning these potential sources were provided. The company did provide some income and expense, but the statement was prepared on an estimated value basis, and no time frame was indicated (i.e., year, quarter, month, etc.). As a result it was not possible to meaningfully evaluate the information provided.

Lehman Brothers — Lehman Brothers is an institutional securities firm that provides a wide range of financial, investment banking, and other related services to clients worldwide. The firm has been solidly profitable for at least the past three years. For the year ended 11/30/06 (the latest date for which information was provided) Lehman reported total revenues of $46.7 Billion, and net income of $4.0 billion. Assets as of 11/30/06 totaled $50.5 billion, $6.0 billion of which consisted of cash and cash equivalents. Shareholder's equity totaled $19.2 billion. The firm's long term debt is currently rated A1, A+, and AA- by Moody's Standard & Poor's and Fitch Ratings; respectively. Short term debt is rated P1, A1, and F1 by Moody's Standard & Poor's and Fitch Ratings; respectively. These are investment grade credit ratings, indicating strong underlying financials and good assess to the debt markets. Lehman Brothers should have no problem in obtaining the funding needed for this team's SWL 337 development concept.

Update With the recent problems at Bear Stearns, and arranged sale of the company to J.P. Morgan Chase over the weekend, the credit and investment markets have focused their attention on the nation's other large investment banks including, in particular, Lehman Brothers. The price of Lehman Brothers' common stock declined significantly on Monday, March 17th, on fears that the company would suffer liquidity crises similar to that of Bear Stearns because of the company's exposure to the sub-prime mortgage market. Several analysts, however, noted the that Lehman Brothers is: i) less exposed to the sub-prime mortgage market than Bear Stearns; ii) has higher reserves against credit losses than Bear Stearns; iii) has good liquidity; and iv) its portfolio is better diversified than that of Bear Stearns.

We noted that Moody's Investor Services reaffirmed its rating of Lehman Brothers on Monday, March 17th stating that company "has navigated quite well the current credit crises". Moody's did, however, lower its ratings outlook on the firm from positive to stable, citing the company's real estate holdings, and broader worries, including the collapse of Bear Stearns as causes for concern going forward.

In summary, while there may be some slowdown in the business operations of Lehman Brothers in the short term; given the long term nature of the SWL 337 development, I do believe that the company will be able to finance their team's funding commitments for the SWL 337 development project.

Boston Properties/Wilson Meany Sullivan/Kenwood Investments

This development team consists of the firms Boston Properties, Wilson Meany Sullivan, and Kenwood Investments.
The majority of the financial strength of this team is represented by Boston Properties and Wilson Meany Sullivan.

Kenwood Investments — As of 12/31/07, Kenwood investments had total assets in the low seven figures, with the majority of its assets represented by its investment in the Aquarium of the Bay. Liquid assets were in the low six figures at year end. Total liabilities were very low, indicating that overriding majority of the assets were financed with equity. As of 12/31/07 equity was also in the low seven figures. For the year ended 12/31/07, the company reported revenues in the low-mid seven figures, and net income in the low seven figures.

Wilson Meany Sullivan (WMS) — WMS has indicated that it plans to use an investment fund managed by its affiliate Stockbridge Real Estate Fund, to finance its investment in the SWL 337 project. The specific fund selected is a relatively new fund that is still in the process of fund raising. When fund raising is completed later this year, Stockbridge expects to have total commitments in the low ten figures. Currently, the fund has total commitments in place in the high nine figures. The investors to date are all very large pension funds located in the Eastern and Southern regions of the United States. The fund also has at its disposal a credit line in the mid nine figures to finance its operations until the investors fund their commitments. This credit facility is secured by the investor's commitments. Currently availability under the line is in the low nine figures. Given the nature of the investors, I am confident that the funding commitments will be met.

Boston Properties — Boston Properties is a large real estate investment trust (REIT) with a portfolio of 139 properties, most of which are Class A office buildings. For the year ended 112/31/07, Boston Properties reported total revenues of $1.5Billion, and net income of $1.3 billion ($309M before gains on sales of real estate). The company has reported net profits in each of the past 7 years. Assets as of 12/31/07 totaled $11.2 billion, $1.5 billion of which consisted of cash and cash equivalents. Shareholder's equity totaled $3.7 billion. The company has access to a $605M unsecured line of credit. This credit facility matures in August of 2010. As of 12/31/07 the entire $605M was available for borrowing.

Boston Properties long term debt is rated Baa2, A-, and BBB by Moody's Standard & Poor's and Fitch Ratings; respectively. These are investment grade credit ratings, indicating strong underlying financials and good assess to the debt market. Boston Properties should have no problem in obtaining the funding needed for its investment in the SWL 337 development.

The Cordish Company/Farallon Capital Management/ San Francisco Giants

This development team consists of the Cordish Company, Farallon Investments, and the San Francisco Giants. The majority of the financial strength of this team is represented by the Cordish Company, and Farallon Investments. The SF Giants, however, do have some significant financial resources.

Farallon has identified three of its investment funds to provide funding for its investment in the SWL 337 project, while Cordish family interests will be responsible for funding the Cordish investment. Due to the preference of the companies making up this team, the following financial information relates to the team as a whole.

The total assets of the entities providing funding for this project are in the low eleven figures. Liquid assets are in the mid nine figures. For the year ended 12/31/07, net income for just two of Farallon's funds was in

the low ten figures. The team, as a whole, does have some significant funding commitments, and guarantees, outstanding. However, the size of these commitments do not, in my opinion, impair the team's ability to meet its funding commitments for the SWL 337 project.

EXHIBIT 3
APRIL 8, 2008 PORT COMMISSION AGENDA ITEM NO. 9A

PORT OF SAN FRANCISCO

MEMORANDUM

Date: March 31, 2008

From: Jonathan Stern
Phil Williamson

To: Seawall Lot 337 Advisory Panel

Subject: SWL 337 Developer Qualification Evaluation

On February 14, 2008, the Port received RFQ submittals from the following four developer teams:

- **Boston:** Kenwood Investments, LLC; Boston Properties Inc.; Wilson Meany Sullivan, LLC
- **Cherokee:** Build Inc.; Cherokee Investment Partners; UrbanGreen Devco, LLC
- **Cordish:** San Francisco Giants; The Cordish Company; Farallon Capital Management, LLC
- **Federal:** Federal Development, LLC; Lehman Brothers; Construction Management and Development, Inc.

Port staff has tabulated the main points of the submittals as shown on the attached Exhibit A. At the February 26, 2008 Port Commission meeting, each of the SWL 337 respondents presented their development concepts. Additionally, the four development teams made presentations at a public workshop on Saturday, March 1, 2008. Port staff has reviewed the qualifications submitted by each team with a summary of this analysis shown below.

Please note, this memo refers to the four teams not necessarily as they refer to themselves but names them based on the team member most critical to execute the their concept development as proposed (*i.e.* the team member with the most expertise and/or assets pledged to implement the proposed development).

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Developer Qualifications Criteria

The October 30, 2007 SWL 337 Request for Qualifications document identifies the following criteria to determine whether the development teams have the experience and expertise required to successfully develop SWL 337:

1. Experience successfully developing a project of the type and scale envisioned in this RFQ and proposed by the developer.
2. Ability of the development team to implement complex development projects effectively, as demonstrated by comparable projects.
3. Demonstrated understanding of local market and community issues, including local presence of development team, including major consultants.
4. Understanding of the approval process and ability of developer and development team to obtain key approvals in a complex regulatory environment, as demonstrated by comparable projects.
5. Prior success of developer with respect to architectural and urban design quality, quality of public amenities and historic preservation.
6. Clear lines of responsibility within the developer's organization on which the Port can rely during negotiations and implementation of the project.
7. Experience of the developer to operate a project of the type and scale envisioned in this RFQ and proposed by the developer.
8. Prior success of projects developed and/or managed by developer with respect to economic performance.
9. Clarity, comprehensiveness and completeness of responses to this RFQ/P and to any subsequent Port requests for information, and the generation of community support.

Developer Team Evaluations

Based on the above criteria Port staff analyzed the experience and expertise of each development team.

Lot 337 Community Developers LLC: Boston Properties – Kenwood Investment LLC – Wilson Meany Sullivan

The Lot 337 Community Developers LLC team includes three development entities with extensive local and national development experience. Boston Properties is a public real estate investment trust (REIT) based in Boston, Massachusetts. Its primary focus is "Class A" office space which it acquires, develops, and manages with significant presence in major markets including Boston, New York City, Washington, D.C., and San Francisco. Kenwood Investments, LLC is a private equity real estate development firm specializing in residential and mixed use urban infill projects in the San Francisco Bay Area and California. Wilson Meany Sullivan is a privately owned real estate investment and development firm focused on urban infill locations in the with more than 35 years of experience with mixed-use, residential, retail and office developments.

The team has demonstrated extensive experience developing large scale urban projects with completed projects of note including the Ferry Building, 111 Huntington Center, and 5 Times Square. However, the team has not demonstrated expertise addressing the additional challenges in implementation of an arts-centered development. Their projects have demonstrated a good understanding of the local market and community issues through implementation of complex development projects in similar regulatory environments including the Ferry Building and Treasure Island. Their projects have demonstrated a dedication to architectural and urban design quality, quality of public amenities and historic preservation. The project design team includes WRT/Solomon, land use designer and landscape and open spaces architects CMG and Walter Hood Architects.

Boston Properties has shown success in the long term operation and maintenance of properties of similar scope and scale such as the Embarcadero Center. Other team members operate smaller projects such as the Flood Building and the Aquarium of the Bay.

The development qualifications and concept submittal clearly identifies the executive committee guiding the team though it does not identify a project manager or primary point of contact. The submittal is clear in identifying the overall concept and many elements such as parking but lacks clarity in the arts, open space and economic framework.

Cherokee Company – Build Inc. – UrbanGreen Devco LLC

The Cherokee team includes three development entities: Build Inc., Cherokee Company, and UrbanGreen Devco LLC. Cherokee Investment Partners is a private equity firm investing capital and expertise in brownfield redevelopment. Cherokee has invested in more than 525 properties worldwide and has more than $2 billion under management. Build Inc. is a real estate development partnership focusing exclusively on infill development in San Francisco. Cherokee's local land use partner is UrbanGreen Devco, LLC, with 25 year of mixed-use development experience developing or overseeing the development of numerous transit oriented, infill urban developments throughout the Bay Area.

The team, represented by BUILD Inc. and UrbanGreen Devco, has demonstrated extensive local experience developing small and medium scale urban projects with completed projects of note including 140 South Van Ness a building with 212 condominiums and 6 retail spaces. Cherokee has significant experience entitling and developing medium and large scale urban projects including a 24 acre mixed use redevelopment projects with historic rehab in Providence, Rhode Island and 56 acre residential/retail mixed-use oceanfront revitalization in Asbury Park, New Jersey. Cherokee has extensive national and international experience in site remediation and re-zoning but has relatively limited expertise in local large-scale development projects. Though Cherokee lacks significant local experience, the team's San Francisco projects have demonstrated a good understanding of the local real estate market, community issues and the local regulatory environment as evidenced by infill housing development projects at Esprit Park (a 2-acre site that includes 142 residential condominiums, commercial space, and a restaurant) and Hayes Valley. Their projects have demonstrated a dedication to architectural and urban design quality, quality of public amenities and historic preservation. The project design team includes John Kriken, urban design and architects including Jon Worden, Jim Jennings, Stanley Saitowitz, Peter Pfau and David Meckel. The team has demonstrated little experience in the long term operation and maintenance of properties of similar scope and scale.

The development qualifications and concept submittal clearly identifies the executive committee guiding the team though it does not identify a project manager or primary point of contact. The submittal is clear in identifying the overall concept and many elements such as parking but lack clarity in the economic framework especially with regard to the proposed sale of a portion of the site.

Seawall Lot 337 Associates LLC: The Cordish Company – San Francisco Giants –Farallon Capital Management LLC

The Seawall Lot 337 Associates LLC team includes the Cordish Company, Farallon Capital Management LLC and the San Francisco Giants. The Cordish Company is a multi-billion dollar conglomerate including one of the leading real estate development companies in the United States with diverse development expertise in entertainment & mixed-use, gaming & lodging, sports anchored districts, shopping & lifestyle retail, office and residential. Farallon Capital Management, LLC manages equity capital for institutions and high net-worth individuals. Farallon's real estate strategy is to pursue investments where entitlement, development, leasing, and management expertise can add value. Farallon often partners with experienced developers who are involved in the day-to-day management and oversight of specific real estate projects. The San Francisco Giants baseball team acted as the developer of AT&T Park. AT&T Park and the Giants' current leasehold at Seawall Lot 337 host a variety of entertainment events including concerts, football, soccer, ski jumping, ice skating and the circus.

The Cordish team experience includes the San Francisco Giants development of AT&T Ballpark and China Basin Park, Farallon's role in the development of Mission Bay since 2004 and Cordish development of entertainment/retail complexes throughout the country. Though the Giants are not primarily a development entity, each member of the team has development experience relevant to their proposed development concept. The team has demonstrated extensive experience developing large scale urban projects with completed (or partial completed) projects of note including AT&T Ballpark, Mission Bay, and the Power Plant Live a 8 acres 250,000 square foot retail/entertainment and office project in Baltimore Maryland. The Giants and Farallon have implemented projects demonstrating a good understanding of the local market and community issues through implementation of complex development projects in similar regulatory environments. However, Cordish as the entertainment/retail lead has not demonstrated local expertise addressing the additional challenges in implementation of a San Francisco entertainment focused development.

The team's projects have demonstrated a dedication to architectural and urban design quality, quality of public amenities and historic preservation including AT&T Ballpark, the renovation of One Market and the Power Plant a 180,000 square foot urban entertainment project reusing a former power plant in Baltimore. The Giants have had success in the long term operation and maintenance of properties as has Cordish at Power Plant Live, Charleston Place (a 550,000 square foot urban infill mixed use project in Charleston South Carolina) and others. The project design team includes SMWM, Beyer Blinder Belle Architects & Planners as lead architects and Hargreaves Associates as landscape architect. SMWM and Hargreaves in particular are well respected local firms with projects including the Ferry Building and Crissy Field.

The development qualifications and concept submittal clearly identifies the principals leading the team though it does not identify a project manager or primary point of contact. The submittal is clear in identifying the overall concept as well as the open space, parking and other elements of their development concept.

Seawall Partners LLC: Federal Development LLC – Lehman Brothers

The Seawall Partners LLC team includes Federal Development LLC and Lehman Brothers as a financial partner. Federal Development is an international real estate development company specializing in the development of public lands using public/private partnerships. Lehman Brothers' Real Estate group is a full-service provider of capital and advisory services to the commercial real estate, lodging and gaming industries.

Federal Development has pointed to development experience including large scale urban and waterfront projects the most relevant include the Port of San Diego's North Embarcadero 3 million square foot mixed use cruise terminal, Resort at Del Rey Oaks a 2.3 million commercial residential golf resort in Monterey County, and Castle Aviation Center a 800 acre 1 million square foot distribution center in Merced County. Federal's involvement in these projects represent experience only in the early stages of development; none of these projects represent completed or entitled projects. Though Port staff has not interviewed every public entity listed as a partner in Federal's submittal, Federal's role in the most relevant projects does not demonstrate the expertise needed to successfully implement development at SWL 337. It should be noted, Federal has not played any role in the North Embarcadero project since very early in the development process.

Federal does not have experience implementing projects in the local San Francisco market nor has it demonstrated an understanding of community issues. As noted above, Federal has embarked on implementation of complex development projects; however it has not reached significant milestones on these projects (completed CEQA or reached comprehensive disposition/purchase-sale agreements).

The team's development projects have not reached a stage to demonstrate architectural and urban design quality, and quality of their public amenities and historic preservation is unknown. The team includes Patri Marker, a local urban design firm, and C.Y. Lee Architects & Planners a Taiwan based firm known primarily for its work in Asia.

Federal's success in the long term operation and maintenance of properties and their financial success is unknown. The development qualifications and concept submittal clearly identifies the principal as John Infantino and the project manager as Barry Freeland. Mr. Freeland's experience appears to be limited for the lead on a project of this scope and scale. The submittal and Federal's characterization of their concept in public meetings have been unclear especially in identifying the open space programming, land use (especially at pier 48) program, parking and other elements of their development concept.

EXHIBIT 4
APRIL 8, 2008 PORT COMMISSION AGENDA ITEM NO. 9A

SEAWALL LOT 337 ADVISORY PANEL REPORT
RFQ SUBMITTALS - REVIEW & DELIBERATIONS

March 28, 2008

Introduction

In October 2007, the San Francisco Port Commission initiated a two-phase developer solicitation process for Seawall Lot (SWL) 337, a 16 acre Port waterfront site located along the south side of China Basin Channel, generally bounded by Third Street and Mission Rock Streets, and Terry Francois Boulevard. This development opportunity also allowed for the inclusion of Pier 48 as an option; Pier 48 is adjacent to the northeast side of SWL 337. The Port Commission directed the creation of the SWL 337 Advisory Panel, to review the developer submittals and make recommendations for consideration and action by the Commission. The members of the SWL 337 Advisory Panel, listed below, represent City and community stakeholders, with knowledge and expertise in economic development, environmental protection, urban and architectural design, neighborhood and citywide policy and community interests. The background and expertise of each of the Panel members is provided in Attachment A.

Ruth Gravanis, Chair
Rod Henmi
Tony Kelly
John Rahaim
Paula Collins, Vice Chair
Sarah Karlinsky
Amy Neches

On February 14, 2008, four development teams responded to the first-phase Request for Qualifications (RFQ), which included a request for draft development concepts for the SWL 337 site; all four teams also included Pier 48 in their submittals. The Advisory Panel reviewed these submittals, attended public meetings on February 26 and March 1, 2008, and/or received public comments from those meetings. In addition, the Advisory Panel received all other public comments received by the Port on the SWL 337 submittals. The Advisory Panel members asked follow-up questions to all the development teams, and received responses which were reviewed. The Advisory Panel review and evaluation was based on the SWL 337 Vision Statement, Objectives and Criteria published in the RFQ. In its deliberations, the Panel also received Port staff findings of its review and analysis of the financial qualifications and development qualifications information submitted by each of the development teams.

The Advisory Panel recognized that development concepts submitted in the RFQ phase represent initial ideas that are expected to be modified and refined in the second phase Request for Proposals (RFP). The Panel recognized that neither the Port nor the RFQ provided specific direction about how respondents should express their development concepts, and thus accepted that there are differences in the level of detail, style and definition presented in the submittals. The Panel review and evaluation thus was based on each member's interpretation of the concepts as presented in the RFQ documents, the public comments received, and Panel deliberations.

The Panel considered the strengths and weaknesses of the physical forms, ideas and philosophies described in each proposal. The Panel's findings and recommendations are based on its evaluation of how well the submittals responded to the vision, objectives and criteria stated in the RFQ. As an outgrowth of those deliberations, the Panel flagged issues, principles, and requirements that it believes should be given specific consideration as part of the RFP phase, which also are provided to the Port Commission for its review and consideration.

The Panel believed that the name of each development team should reflect the company that proposes the highest percent investment in the project. Thus, the key partners for each development team are identified and thereafter referred to by the partner with the majority investment interest: Boston Properties, Cherokee Company, The Cordish Company, and Federal Development.

Evaluation of RFQ Submittals

Boston Properties (Kenwood Investments, Wilson Meany Sullivan)

The Advisory Panel responded positively to the neighborhood character and program of this proposal as reflected in the scale and block pattern. The size and layout of the development blocks evoked a familiar feel with other San Francisco neighborhoods that conveyed a pedestrian scale and orientation that was seen as responsive to the SWL 337 land use and neighborhood character objectives and criteria. This neighborhood scale and character also was seen by some members as conducive to creating diversity in the mix of housing, because it created an attractive environment for families with children. The block layout also created regular and frequent street view corridors that connected to streets to the west; the mews (interconnected courtyards within development blocks) also were seen as a good way to provide high quality public space.

At the same time, the Panel also felt that this concept did not take maximum advantage of SWL 337's spectacular waterfront location, and lacked excitement that would give this development a distinctive character and identity. Most notably, the open space program seemed to be a missed opportunity. While some panel members pointed out that the Boston concept possesses a pleasant and understandable open space network well-suited to creating an urban pedestrian-oriented character, the Panel felt that siting the major public open space between Piers 48 and 50 did not take full advantage of the site's waterfront setting and public view opportunities, nor related strongly with the Bay Trail and Blue-Greenway. This location also created the potential for conflicts with maritime-related uses on the south side of Pier 48 and at Pier 50. While the plan promotes an "eyes on the park" relationship between development and open space that appears to encourage safe enjoyment of the open space, Boston's original RFQ concept did not expand China Basin Park as called for in the RFQ open space objectives and criteria. The Panel acknowledged that Boston released alternate open space ideas subsequent to submittal of the

RFQ. One of the options presented an expanded park along China Basin and tower at 3rd Street, to which some panel members responded positively, while others felt that the location of a 300 foot tower near the northwest corner of the site did not seem consistent with RFQ Objective 5, calling for building heights to step down closer to the Bay (including China Basin Channel). The Panel did not favor mid-block open spaces on podiums because, even if only one-half story above grade, there was a concern that these spaces will be perceived as private and therefore not truly accessible and utilized by the public.

The Panel understood and recognized the merit of Boston's approach to creating a site plan that allowed the flexibility for development blocks to be developed modularly to accommodate different development phasing choices. However, the regularity of the blocks as presented in the RFQ also triggered the discussion of how this concept could be programmed and designed to convey more excitement and character that derives from its waterfront setting. Panel felt that the Boston team would be strengthened by collaborating with additional designers to expand the palette of architectural and urban design interpretations and treatments to imbue the traditional block pattern in this site plan with its own neighborhood identity, uniqueness and vitality. Such design collaboration also would help address the Panel's design concerns associated with the major public open spaces.

Panel members appreciated the idea of focusing on the artist community, but raised many serious questions about the lack of an art development partner, what type of artists are being targeted for this development, and whether it is realistically possible to accommodate working artists who are now priced out of San Francisco to work and reside at SWL337. How would "artists" be defined? What would be the basis for defining the rents and prices of housing units for working artists? How could such occupancies be enforced over the term of the development? Boston's proposal to secure $28 million from the Mayor's Office of Housing to reduce housing costs to artists did not seem realistic to the Panel. And, some Panel members were wary of the failures when live-work space for artists were allowed in South of Market, which did not yield the intended benefits for working artists. There was substantial question as to whether it was feasible to create the critical mass of artist uses and resident artists, as expressed in the Boston submittal --and still respond to the Port's revenue objectives.

The idea of creating working artist and exhibit/arts events activities in Pier 48 generated broad appeal. Boston's proposal for Pier 48 was regarded as the strongest of the four teams. If designed and oriented to invite and attract the public, use of the arts as a theme for Pier 48 would create a stimulating new way for people to recreate and enjoy the waterfront. Some Panel members also applauded the concept of harnessing the creative energy of the arts to foster new ideas and applications in sustainable design. The Panel could see how this arts-based focus could be very responsive to the public trust requirements for Pier 48. However, that also highlighted a question about how Boston approached the public trust considerations for SWL 337, per Senate Bill 815. As expressed in the RFQ objectives and criteria: What kind of first consideration was given to public trust uses before producing the development program concept in Boston's RFQ concept?

As was case for all the teams, the Panel will expect clearer, more detailed description of the parking and transportation program for all the development proposals, more specifically addressing how it is responsive to the transit-first requirements of the RFQ. The Boston concept included the incorrect assumption of a future T-Line stop at Third and Channel Streets. Out of

its total parking program, Boston defines 1500 parking spaces for shared use with the Giants; in combination with acknowledging the recent parking studies which identify off-site parking facilities, Boston provides the most definitive starting point to begin to craft a sustainable parking program consistent with the City and Port's transit-first objective.

The Boston concept received the most points in the Panel's scoring and a recommendation that the team be invited to participate in the RFP process. While acknowledging the above development program and waterfront open space questions, the Panel's reaction reflects its overall positive response to Boston's concept for Pier 48 and its basic approach to creating a neighborhood-scaled site plan which incorporates convincing ideas for creating a vital, active pedestrian-friendly urban neighborhood. The Panel felt that the experience that Wilson Meany Sullivan brings to the Boston team is particularly strong, to address the issues raised by the Panel.

Cherokee Company (Build Inc., UrbanGreen Devco)

Cherokee's stated philosophy, to create a development program and strategy that is shaped by the local community, generated much discussion by the Panel members. That approach to development was seen as a strength and yet at the same time also raised many questions about their development concept. The Cherokee submittal is the most conceptual and undeveloped of the four. It does include a site plan and specified development program. But Cherokee's emphasis of the need to work with the community in order to define the form of new development generated many questions as to how the Panel should regard and evaluate a concept that Cherokee itself seems to actively anticipate will undergo significant change. The Panel recognizes that any development concept will undergo several iterations and revisions as it progresses through the public review, negotiation and entitlement process. However, Cherokee so emphasized the possibility of change in response to public comment, that it appeared to the Panel that the other three teams seem to have a stronger sense of where they're starting from than Cherokee. On the other hand, given the high level of public and neighborhood involvement in San Francisco development projects, several Panel members strongly felt that Cherokee's collaborative and "organic" approach within its own team as well as with the community was worthy of consideration as a means to more readily secure the support necessary to get a development project approved. Other Panel members pointed out, however, that there already was a substantial amount of community input that went into the creation of the RFQ's objectives and criteria.

The Panel appreciated the imagination and energy of Cherokee's collaborative approach to develop its design concept, agreeing with the notion that the SWL 337 site plan should be a distinctive yet complementary enclave within the Mission Bay area given its size and waterfront location. Panel members also embraced the idea that development should possess a local flavor that is authentic and reflective of San Francisco. However, the site plan and development concept generated many questions and concerns about feasibility.

It is clear that the site plan, with its diagonal streets corridors dividing the site into the three main triangular blocks, differentiates itself from the rest of Mission Bay. The Panel heard Cherokee's argument to create a pedestrian and view access extending from Lefty O'Doul Bridge to the water between Pier 48 and 50. Some panel members also liked the idea of providing a generously-designed pedestrian public space corridor from the Muni T-line stop at Mission Rock

Street to the central open space. But, some panel members did not agree with the merit of organizing the entire site according to this triangular concept. Some felt that it actively turned away from Mission Bay through its lack of connections to the surrounding streets. While Cherokee stated that the diagonal streets were intended to evoke the diagonal street canyons and flatiron buildings found north of Market Street, some panel members found the proposed development blocks and building footprint shapes to be somewhat random and confusing. And, in their submitted text, while Cherokee criticizes large block developments with long street walls, some panel members pointed out that there are essentially three super-blocks in their proposal and long stretches of uninterrupted street walls, which run counter to the desire of creating permeability and fine-grained scale conducive to a pedestrian environment.

Notwithstanding those observations, other panel members liked the effort to try out different street angles and recognized that Cherokee's approach was a bold way to test out unique ideas, even if they were not fully fleshed out. The mix of uses, with the inclusion of green tech commercial/office and local icon Teatro Zinzanni resonated well and reflected a genuine effort to incorporate the creativity, innovation and entrepreneurial spirit of San Francisco's business community.

As with the Boston proposal, the Panel was curious as to why the public park extending out to the area between Pier 48 and 50 received more emphasis than the northern end of the site, given the RFQ criteria calling for developers to "Expand China Basin Park." In fact, in its responses to Advisory Panel questions, Cherokee made a reference to China Basin Park as being "off site", which was puzzling. In making the water area between Pier 48 and 50 a primary focal point of the open space plan, including the notion of a created beach edge providing access to the water, question was raised about compatibility with maritime uses, as well as whether it was realistically feasible to create and maintain such a beach feature.

The financial feasibility of the proposed underground parking was highly questionable to several panel members. While the Panel agrees that ground level (vs. podium level) open space is important, it was difficult for several Panel members to accept that underground parking for the entirety of a filled site in this location was likely to be achievable. Furthermore, the suggestion that any additional parking needed to accommodate the Giants could be created as a second underground floor seemed even more unrealistic. This raised overall questions and concerns that the team may not have the development experience required for a project of this complexity.

The concerns about the site plan, coupled with the underground parking concept raised questions about the development experience of the team, which led to a split vote, where four panel members felt Cherokee should be considered in the RFP phase, and three did not. This outcome reflected the Panel giving credit to Cherokee's "thinking outside the box", to come up with something that truly is uniquely crafted for the site despite the Panel's significant questions and concerns about the site plan and development feasibility. It also reflects that Cherokee's approach and sensitivity to working with and involving the community resonated strongly with the Panel, as a very important ingredient to succeed through the complex entitlement process for SWL 337. Because the vote was close, the Panel agreed that it should remain neutral on whether or not to recommend inviting Cherokee to participate in the RFP, and instead ask the Port Commission to consider the Panel's review and remarks as part of its decision-making process.

Cordish Company (Farallon Capital Management, San Francisco Giants)

The Panel was very positive regarding the Great Lawn/Waterfront Park at the north end of SWL 337, including the removal of the northern leg of Terry Francois Blvd. The park design elements reflect a careful and thoughtful assessment of the site opportunities and community values expressed in the RFQ, and in prior community planning meetings. The Panel really appreciated the clarity of the graphic information presented in the submittal. This concept for a major public open space is the strongest of the four proposals for integrating provisions for active water recreational activities, and public views and appreciation of the Bay. It also appears that their open space program is most responsive to public trust objectives for Port waterfront lands (expansive and oriented to waterfront setting; moves baseball field away from the shoreline; designed for broad public use and passive recreational enjoyment). Some panel members questioned whether it was advisable to propose alterations to the China Basin Channel shoreline, as reflected in their development concept. Notwithstanding the panel's support of the Great Lawn/ Waterfront Park, one panel member also noted a preference for adjusting the balance and distribution of open space, in order to provide more open space elsewhere within the project.

As a counterpoint to the Panel's embrace of the Great Lawn/Waterfront Park, there were many questions regarding the character and intensity of Cordish's development use program. The Panel discussed the relationship between development density, intensity and mix of uses. Strong urban neighborhoods and districts need a balance of all these attributes to create attractive, interesting and vital neighborhoods. And, to respond to its revenue needs as expressed in the RFQ process, the Panel acknowledged that the Port seeks a development density at SWL 337 that is reflective of what has been approved in the Mission Bay Redevelopment Plan area.

The density of Cordish's development program is the highest of the four teams. There were questions about the overall intensity of development, and in particular the amount and type of retail uses that could or should be included in the program. Cordish's proposal for 400,000 square feet of retail uses is substantially higher than the other development team submittals. Cordish is the majority equity investor in the project. Recognizing its sports entertainment and retail mixed use development experience, some panel members expressed concern over whether Cordish would be able and willing to create a different formula and retail mix to incorporate a local and neighborhood character unique to San Francisco and the Mission Bay area rather than replicating its developments in other major cities. Those developments orient more to regional and tourist audiences and the nature of these developments troubled several Panel members. How open is Cordish to incorporating a substantial number/amount of local-based businesses vs. national brands? Can the retail program serve commercial needs of the Mission Bay and nearby neighborhoods as well as visitors from the region and beyond? Also, with the large amount of entertainment uses proposed, questions were raised as to whether the intensity of activity would be compatible with introducing new residential development on adjacent blocks. Finally, the Panel noted that Cordish's relatively higher development density proposed does not appear to translate into a base rent in the preliminary lease proposal that is commensurately higher than the financial proposals from the other respondents.

The Panel responded positively to the juxtaposition of Pier 48 and the Great Lawn park because of the potential to provide adjacency between indoor and outdoor activities to help activate the public open space and highlight the Pier 48 historic structure. Similarly, the Panel saw the opportunity for the 6000-seat Music Hall to enliven and activate the park. However, Panel

members had several questions regarding the frequency and demand for events at these two complexes, and whether the park as large as proposed would be well-utilized when there were no scheduled events. Some Panel members wondered whether there was sufficient business demand to justify dedicating Pier 48 in its entirety for exhibits, events and conference use, and whether it would generate sufficient revenue. It was evident that management of the events and performances along with the Giants ballgame season events would be central to the success of this development, to maintain a regular and lively mix of activities, and to manage the shared use of parking facilities to avoid major traffic and circulation problems.

The Panel found that the Cordish proposal reflects thoughtful attention to integrating its particular development program into a site plan that is generally complementary to the surrounding Mission Bay neighborhood. The location of major parking facilities at the south end of the site helps to create a pedestrian-oriented environment which is fundamental to creating the foot traffic necessary for the proposed retail program. The parking facility located on Block D at 3rd and Mission Rock Streets is extremely large, although the Cordish team has wrapped this block with retail and residential uses to break down the mass and preserve street character. However, it was noted that the size of this parking block prevented the new East Street from aligning with the neighborhood street to the west, an exception to the general attempt to link new streets to the surroundings. The Panel observed that this parking structure also is located adjacent to the Muni T-Line stop at Mission Rock Street; unfortunately, neither the design of the garage nor this street corner includes discernible pedestrian features or site improvements to equally emphasize use of public transit.

Like the other submittals, the Cordish proposal reflects good early thinking about how to integrate sustainable technologies and practices into the site plan design and development. However, some Panel members were concerned about the fireworks, searchlights, and light pollution associated with events and entertainment uses at this location, which were seen as challenges to sustainability objectives. Other Panel members acknowledged the separate concern about light and noise impacts on adjacent and nearby residents.

The Panel scored the Cordish concept as a close second to the Boston Properties proposal, a reflection of the compelling design strength of the Great Lawn/Waterfront Park concept. The Panel understood the Cordish team's rationale and thoughtful approach to producing the site plan, and recognized the team for its attention to detail in responding to the RFQ. The Panel recommended that the Cordish team be invited to participate in the RFP process, with further address of the use program and management issues identified above.

Federal Development (Lehman Brothers, Construction Management and Development)

The Panel appreciated Federal's effort to address in a significant way the desire to create public open space at SWL 337 while proposing development that could respond to the Port's economic and financial needs. However, the Panel did not believe that the approach is a strong response given the site's waterfront setting, and the desire to create a vital urban San Francisco neighborhood.

The podium-level open space provides generous acreage for creation of open space that is grade-separated from traffic and access to the parking garage below. However, that vertical separation

from the ground and the waterfront was seen by the Panel as a major drawback to broad public use and enjoyment, and severely compromises physical access between the developed uses and the waterfront. The topographical changes afforded by the podium would create wonderful waterfront views. However, the Panel did not believe that the proposed development program would create a sense of place or strong identity to attract outsiders up from below, except for residents, workers or hotel guests of the proposed towers.

The change in grade, and retention of Terry Francois Blvd. limits the extent of at-grade waterfront open space, despite the gesture to bridge over the roadway and transition up to the podium open space. Furthermore, the elevated podium blocks views to the waterfront from inland Mission Bay sites and from Third Street. The large elevated podium creates a literal and figurative sense of closure and removal from the surroundings. Combined with the four towers placed on top there is an overwhelming sense of scale and lack of a fine-grained, neighborhood character. The Panel felt that the nature of this proposal was not appropriate for this site and neighborhood.

There does not appear to be any recognition of design or functional differences between the proposed office, residential or hotel uses. The towers all appear to have the same size footprint and follow a uniform style of architectural design. The lack of variety and design creativity conveys that there has not been much thought as to the type of neighborhood character that is envisioned for the project, or the design, purpose and character of the open space proposed.

Federal is credited for recognizing the current Seaport Plan maritime use restrictions that pertain to Pier 48. However, if the Seaport Plan were amended, they do not have a well-articulated idea or vision for Pier 48, or how it would be integrated with the rest of the development.

San Francisco is notorious for the active participation of its stakeholders. Thus, the public presentation and participation requirements set forth in the SWL 337 solicitation process are reflective of rigorous community involvement and engagement that the selected developer must manage effectively throughout the entitlement process. Federal's presentation at the March 1, 2008 workshop conveyed an apparent lack of experience and preparation that raised questions about how well the team can manage a project of this scale and complexity through a process that will involve a high level of public scrutiny and participation.

The Federal RFQ concept received the lowest score. In general, the Panel did not believe that Federal's design concept was an appropriate development response for San Francisco, or for the SWL 337 site. In a City that is recognized for its array of distinctive, fine grained neighborhoods, Federal's proposal reflected a monumental approach that the Panel felt was contextually inappropriate. It was not apparent how the proposal responded to the development or design context of Mission Bay, the opportunity afforded by the site to bring people to the water, or to create its own sense of place or identity as a new development. The Panel was likewise concerned that the "superblock" nature of the development is evocative of LeCorbusian "towers in the park" –an urban form that has widely been critiqued for being unfriendly to those experiencing the urban form at the pedestrian level. This is counter to the Port's expressed intent, to seek urban forms that enhance the pedestrian experience and create inviting public spaces that attract people to come and stay. The Advisory Panel therefore did not recommend that Federal be invited to participate in the RFP phase.

SWL 337 Advisory Panel Comments by Topic

Land Uses - Public Trust

As discussed in the SWL 337 RFQ Objectives and Criteria 1b, the Port and selected developer will have to review and give first consideration to public trust-consistent uses in the development program for SWL 337, even though Governor Arnold Schwarzenegger signed Senate Bill 815 into law in October 2007. SB815 provides for the CA State Lands Commission to allow non-trust uses to be developed on SWL 337 for up to 75 years. However, the Port and developer must make a good faith effort to still consider and incorporate public trust uses into the development program. Of the four respondents, the Cordish team was the only one to start to describe its approach to this issue in the RFQ. The design and character of the Cordish Waterfront Park and Great Lawn, and inclusion of visitor-oriented retail and restaurants were recognized as features that would address public trust objectives. Any developer selected for SWL 337 should anticipate that State Lands will conduct a thorough review of the development program to satisfy this condition. Additionally, State Lands will thoroughly review any proposed development program for Pier 48 which, in its entirety, State Lands must be able to find is consistent with the Burton Act public trust.

Open Space

The RFQ Objectives and Criteria for Open Space include a call to expand China Basin Park, provide a mix of visitor-serving and neighborhood-oriented open spaces, and an open space network that ties into and expands the Blue Greenway and/or Bay Trail. The development team submittals each had strengths and weaknesses. For the Cordish proposal, the Panel recognized significant public benefits that could be delivered in the Great Lawn/Waterfront Park, and also appreciated how the Bay Trail and Blue Greenway would be enhanced by this design. On the other hand, there appeared to be a lack of balance with providing neighborhood-oriented open spaces that were oriented to the substantial number of proposed residents.

For the Boston proposal, the issues were opposite. The site plan conveyed a lot of attention given to the design of a local and neighborhood-oriented open space network and courtyards to serve the developments within each block, but too little address of major public park/open space oriented around China Basin Channel and the waterfront public views afforded here, and enhancements to the Bay Trail and Blue Greenway.

The Cherokee submittal does increase the park area at China Basin, but places more emphasis on the design and function of the public open space created in the middle of the SWL 337 site. The RFQ response is not clear about the design approach or proposed function for the China Basin park area, despite its prime location for public open space enjoyment.

The Federal submittal devotes major acreage to open space, but the conceptual design lacks sufficient information to understand how this space is intended to function, as relates to neighborhood vs. major public open space. The significant grade separation created by the podium challenges the ability for this open space program to create a true relationship with the water, and the Bay Trail and Blue Greenway as well.

Economics

Throughout its review and deliberations, the Panel was sensitive to the relationships between development density, neighborhood vitality and the Port's need for revenue from SWL 337 development. This included an awareness that a development program for SWL 337 ultimately would have to strike a balance between defining the form and amount of public benefits provided on-site, versus generating revenue to provide off-site public benefits on other Port properties. The Panel knows that the Port faces a 10-Year Capital Plan need of almost $2 billion, and that SWL 337offers one of the Port's most significant revenue opportunities to address those needs. It also recognizes that the Port places a priority on public benefits that meet public trust objectives versus other City objectives. This was addressed in the context of the RFQ discussion regarding Senate Bill 815, which was approved to allow greater development flexibility for SWL 337 (and other specified sites) to generate increased revenues for specified public trust benefits. Thus, certain types of public benefits such as affordable housing which are recognized in San Francisco but are not consistent with the public trust, compete with maritime, shoreline public open space, and National Register–eligible historic preservation improvements, which are recognized as public benefits under the public trust.

In evaluating the RFQ submittals, measured against the RFQ economic objective, the Panel recognized that the conceptual nature of the responses at this early stage makes it is difficult to provide clearly stated financial proposals, or to analyze the credibility of the rent and economic terms proposed in each submittal. And, differing types and levels of on-site public benefits will affect the financial proposals. However, the Panel did consider the general relationship between the density of development and economic terms proposed.

The Cherokee proposal, with about 2.9 million sq. ft. of development, was the only team to propose one-time payments for title to some parcels and pre-paid ground leases of $125 million. The Panel and Port staff acknowledged that the regulatory pathway to fee title transfer and the market acceptance of pre-paid ground leases has not been demonstrated. For Federal, staff analysis identified about 2.2 million sq. ft. of development, generating $5-8 million in revenues plus participation rent. In this regard, the Panel and Port staff expressed a concern regarding the Cordish proposal which includes the most development at almost 3.2 million sq. ft. of development, and relatively less annual revenue of $4 – 8 million. On the other hand, Boston's proposal, which includes about 2.6 million sq. ft, did not include a clear financial proposal, which appears to propose annual lease payments of about $3 million, the lowest offering.

PORT OF SAN FRANCISCO

Seawall Lot 337 Advisory Panel

In October 2007, the San Francisco Port Commission approved the issuance of a Request for Qualifications (RFQ) from development teams, with accompanying development concepts for Seawall Lot 337, a 16-acre site in Mission Bay, at the mouth of China Basin Channel. The Commission also directed that a SWL 337 Advisory Panel be created to review submittals, and make recommendations to the Port Commission for its review and action. The Port is honored to receive the service of these seven members of the SWL 337 Advisory Panel. For more information regarding the SWL 337 Development Opportunity, check out the Port's website: www.sfport.com/swl337.

Ruth Gravanis
Chair, SWL 337 Advisory Panel

Ms. Gravanis currently serves on the San Francisco Commission on the Environment, and is an environmental consultant. Ms. Gravanis' clients have included the Campaign to Save California Wetlands, the Citizens Committee for the Removal of the Embarcadero Elevated Freeway, the Treasure Island Wetlands Project, and the Alliance for a Clean Waterfront, and the Public Trust Group. Prior to consulting, Ms. Gravanis' was previously with Save San Francisco Bay Association and Friends of the Urban Forest. In addition, Ms. Gravanis has 10 years of experience teaching in the public school system.

Ms. Gravanis is also an active member of the following organizations California Native Plant Society, San Francisco Tomorrow, Golden Gate Audubon Society, Sierra Club, Mission Creek Conservancy, Presidio Environmental Council, San Francisco Natural History Series, Sustainable Watersheds Alliance, Living Classroom Steering Committee at Literacy for Environmental Justice, and San Francisco Planning and Urban Research's Sustainable Development Committee, among others. Ms. Gravanis has received numerous awards for activism and environmental consulting work including from San Francisco Tomorrow, the Sierra Club and the Golden Gate Audubon Society. Ms. Gravanis holds a Master Degree in Education.

Paula Collins
Vice Chair, SWL 337 Advisory Panel

Ms. Collins is the founder and Chief Executive Officer of WDG Ventures Inc, a real estate development and consulting firm. Some of the company's major projects include Sony Metreon and Four Season Residences and Hotel. Ms. Collins is also founder and Director of Presidio Bank, and founder of Portfolio Real Estate Consulting (PRC), which provides development management

services to non-profit and for-profit corporations in support of their commercial and residential real estate projects.

Ms. Collins currently or has served on the boards of numerous organizations, including Special Olympics for Northern California, Yerba Buena Center of the Arts, Grants for the Arts Committee for the City and County of San Francisco, and Bridge Housing Corporation. She also has received many awards, including Entrepreneur of the Year from the National Coalition of 100 Black Women, Inc., 1999 Rudy Bruner Award for Excellence in the Urban Environment, the 2007 Silver Spur award from San Francisco Planning and Urban Research, and has been included in the annual list of the most influential business women in the Bay Area for six consecutive years. Ms. Collins holds a Master Degree in City Planning from Massachusetts Institute for Technology and a BA cum laude from the Mount Holyoke College in Urban Studies.

Rod Henmi

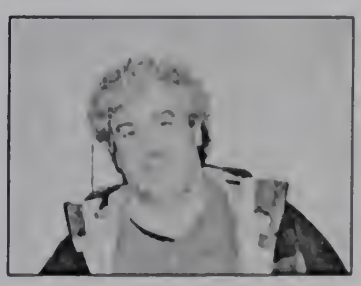
Mr. Henmi is Design Director at Michael Willis Architects. Mr. Henmi's work has won several design awards from the American Institute of Architects, National Organization of Minority Architects and other organizations; local examples include the award-winning Cecil Williams Glide Community House, BAYCAT (the Bayview Center for Arts and Technology), the $100 million Muni Metro East LRV Maintenance Facility, all in San Francisco, and the transforming rehabilitation of the Acorn housing project in Oakland. In addition to more than 20 years of experience as a project designer in the United States and Japan, Mr. Henmi has an extensive university teaching background, and is the co-author of "Envisioning Architecture: An Analysis of Drawing."

Mr. Henmi joined Michael Willis Architects in 1994. Originally from St. Louis, Mr. Henmi received his Master of Architecture and Urban Design from Washington University in St. Louis in 1982. Mr. Henmi is a registered architect in the states of California and Missouri.

Sarah Karlinsky

Ms. Karlinsky is the Policy Director for the San Francisco Planning and Urban Research Association (SPUR); she is responsible for managing SPUR's housing, community planning, regional planning and disaster planning work and for coordinating SPUR's policy efforts. Prior to joining SPUR, Ms. Karlinsky developed affordable housing throughout the Bay Area with Mid-Peninsula Housing Coalition. Ms. Karlinsky is a board member of the Transportation and Land Use Coalition and has taught urban planning at San Francisco State University and to middle school students as a Teacher for America Corps. Ms. Karlinsky holds Master's Degree in Public Policy and Urban Planning from Harvard's Kennedy School of Government.

Tony Kelly



Tony Kelly is the president of the Potrero Boosters Neighborhood Association, one of the oldest and largest neighborhood associations in the City; he was first elected to the position in 2003. He also serves on the board of the Potrero Hill Association of Merchants and Businesses. He was vice chair of the City of San Francisco Arts Task Force, and now serves on

the Port's Southern Waterfront Advisory Committee and the Mayor's Open Space Task Force. He is a theater director by trade, working with the Thick Description company on Potrero Hill and at other professional theaters in New York, Pittsburgh, San Jose, Sacramento, Lake Tahoe, and San Francisco.

Amy Neches

Ms. Neches is a Senior Project Manager for the San Francisco Redevelopment Agency; overseeing the Mission Bay, Yerba Buena and Rincon Point-South Beach Redevelopment Plan areas. In 1998, Ms. Neches was one of the City's lead negotiators in the entitlement of the 303-acre Master Plan for Mission Bay.

Previous to this position, Ms Neches spent three years in the affordable housing development and finance field, and six years in the investment banking field, with her last title being Vice President at Solomon Smith Barney, concentrating in mortgaged and asset backed securities. Ms. Neches is a member of the Urban Land Institute and the Lambda Alpha International and holds Master Degree in Business Administration from Yale University.

John S. Rahaim

Mr. Rahaim is the newly appointed Director of the San Francisco Planning Department. Mr. Rahaim is responsible for overseeing long range planning, development entitlements and environmental review for physical development projects in the City, as well as directing major initiatives which include several comprehensive neighborhood plan updates, a city-wide historic resource survey and updates to the San Francisco Master Plan.

Prior to this appointment, Mr. Rahaim was Planning Director for the City of Seattle, a position he held for five years. Mr. Rahaim was also the Founding Executive Director of CityDesign, Seattle's office of Urban Design; and the Executive Director of the Seattle Design Commission. Prior to his tenure in Seattle, Mr. Rahaim was with the City of Pittsburgh Department of City Planning. Mr. Rahaim holds a Master Degree in Architecture from the University of Wisconsin-Milwaukee, and BS in Architecture from the University of Michigan.

PORT OF SAN FRANCISCO

MEMORANDUM

April 2, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation and update regarding the Association of Bay Area Governments Bay Trail Grant to the San Francisco Redevelopment Agency and the Port of San Francisco for a community based planning process to study Pedestrian, Bicycle and Landscape Improvements to Cargo Way

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

Summary

The San Francisco Redevelopment Agency ("the Agency") coordinating with the Port of San Francisco ("the Port") submitted a grant application to the Association of Bay Area Governments (ABAG) Bay Trail Project for $75,000 to study the opportunity to create landscape, pedestrian and potentially bicycle improvements along Cargo Way. Cargo Way is located in the Port's Southern Waterfront and is the primary access route to the Port's Piers 90 – 96 cargo facilities and the Intermodal Cargo Transfer Freight rail facility. The Bay Trail Project designates Cargo Way as the alignment of the trail in this area, connecting Heron's Head Park with adjacent open spaces that are accessible to the bay. In addition, Cargo Way was identified through Mayor Newsom's 2006 BlueGreenway Task Force as an appropriate location for improved landscape pedestrian and bicycle improvements. Although the Port Commission in 2006 approved the installation of bicycle lanes on Cargo Way, these were never installed because of a law suit prohibiting the installation of any bicycle improvements within the City until which time adequate Environmental Review is conducted. That review is now underway.

Through a series of public workshops and meetings, a Concept Plan has been developed that accommodates the multiple users, without compromising the vehicular capacity of Cargo Way, nor its intended use, which is to carry freight cargoes, primarily to and from the Port of San Francisco.

This Print Covers Calendar Item No. 9B

Background

The Agency, coordinating with Port staff, released a request for proposals for consultant teams to conduct the Cargo Way Planning process and awarded the contract to a team lead by Robin Chiang and Company.

The Agency, working with Port staff, established a work program that included a community planning and public outreach process. A community based Working Group was established to provide input into the planning process and a Citywide interdepartmental Technical Working Group was established to provide technical oversight to the planning process. The Community Working Group included representatives from the Port's Southern Waterfront Advisory Committee and the Maritime Commerce Committee, as well as from the Bayview Hunters Point Project Area Committee, Literacy for Environmental Justice, the Bicycle Coalition and the Neighborhood Parks Council. The interagency Technical Working Group included staff from the Port, the Agency, Supervisor Maxwell's office, the Municipal Transportation Agency, the City's Planning Department, the Department of Public Works and the Public Utilities Commission. The Community Working Group and the Technical Working Group jointly established a set of goals for the concept planning that included: 1) recognizing that Cargo Way must be retained as a throughway for cargo freight transport; 2) the existing capacity of Cargo Way for through traffic should not be impacted unless determined to be acceptable; 3) landscape and pedestrian improvements are the priority improvements; 4) improvements for bicycle mobility are important; and 5) any new design should include sustainable building and design practices including the use of natural storm water management systems. The work program included studying existing conditions, opportunities and constraints and then presenting that document to the community through existing community group meetings for feedback. Based upon the input received, three concepts were developed and a community workshop was held to solicit input in both large and small group settings. Input from the community workshop was then used to develop a final draft plan that was presented at another community workshop for additional review. This is the plan being presented to the Port Commission on April 8, 2008 for review and comment. Based upon the final workshop and Port Commission input, the Consultant Team and interagency Technical Working Group will prepare and present a final concept to the community.

Concept Plan

Existing Conditions

Cargo Way is an approximately 1.25 mile roadway that was constructed on Port property in the early 1970's as a component of India Basin Industrial Park Redevelopment Area within the Bayview Community. The roadway was designed and constructed by the City's Department of Public Works and was built to provide utility infrastructure to the India Basin Industrial Park and to provide access to the Port's Cargo Terminals and the Industrial Park. The existing cross section of Cargo Way includes *(see Exhibit 1, Site Setting and Existing Conditions)* 2 - 4 foot, monolithic sidewalks directly adjacent to the curb with tree wells within the 4 feet (and in some cases no sidewalk at all); an 8 foot parking lane on each side of the street including "no parking" restrictions on the west bound lanes and restricted early morning parking (12am- 6am) on the east bound lanes; 2 – 14 foot travel lanes in each direction and a landscape median ranging from 8 – 14 feet with intermittent left-turn lane pockets. Parking restrictions on the east bound lanes were established within the last six-years at the request of the community to address

homelessness issues. Cargo Way generally is not used for parking, the adjacent India Basin Industrial Park has regulations in place that require tenants and property owners to provide sufficient parking within their individual lot areas. Port tenants within the area have never utilized Cargo Way as a parking resource.

Opportunities and Constraints
Several constraints and opportunities were identified through the existing conditions analysis. Constraints included freight and pedestrian/bicycle conflicts, geotechnical considerations and jurisdictional overlap of the actual roadway. Cargo Way has been identified by ABAG as the alignment of the Bay Trail and the City's bicycle route because of its proximity to the Bay and because of its direct connection to Illinois Street. It is inherent that a conflict exists between pedestrian and bicycles modes and vehicular freight goods movement (large trucks). In addition to the conflict of large trucks with pedestrian and bicycles, the Port's freight rail access is adjacent to Cargo Way and creates a pinch point for safe pedestrian movements on the west bound lanes.

The opportunities that were identified included the oversized width of the street right-of-way, the landscape setback required in the India Basin Industrial Park, the opportunity to create a gateway improvement for the Bayview Community at Third Street and Cargo Way, the connection between the Islais Creek and India Basin Open Space systems, the opportunity to divert storm water flows from the Southeast treatment facility and the opportunity to create a trail system that could include public art or potentially an exercise par course.

Alternative Concepts
Based upon the Existing Conditions analysis and insight gained from the Technical Working Group, the Blue Greenway Task Force Report and community meetings, the consultant team developed three Concepts for improving landscape, pedestrian and bicycle improvements to Cargo Way. The Concepts were based upon the goals previously identified and took cost into consideration ranging from very affordable to expensive. Consistent with each concept, was the elimination of the parking, the enhancement of the landscaping, pedestrian lighting and the introduction of public art including local historic information. These Alternatives were presented at a Community Workshop on November 7, 2007, which was attended by approximately 50 people including members of the Community Working Group and Technical Working Group.

The Alternative A Concept *(see Exhibit 2- Alternative A)* utilized the existing street infrastructure including curbs, gutters and utilities and basically replaced the parking lanes on both sides of the street with bicycle lanes and upgraded the landscaping and signage. Alternative A was the most cost effective but was the least desirable to the community and Working Groups, primarily because of the safety considerations with having bicyclists on the actual roadway surface with vehicles.

The Alternative B Concept *(see Exhibit 3- Alternative B)* removed the bicycle lanes from the roadway and created a single bi-directional bicycle path on the south side of the roadway and expanded the sidewalks on either side of the street. This was accomplished by narrowing the median. This concept allowed the existing utilities to remain in place including the street lights in the center of the roadway. This Concept was the preferred concept by the community and the Working Groups. This concept was estimated to have a moderate cost.

The Alternative C Concept *(see Exhibit 3- Alternative C)* completely reconfigured the roadway and eliminated the median all together. It allowed for a wider multi use bi-directional pathway on the south side of the street, widened the sidewalks on each side of the street and provided a landscape area between the street and the pathways. While there was some support for this concept, it was generally seen as too expensive and not necessarily the best design. The final Draft Concept took elements of Concept C and applied them to Concept B, as described below.

Draft Preferred Concept

Based upon the input received from the July workshop and other community meetings, the Technical Working Group and the Consultant team developed a Draft Final Concept. This concept primarily took Concept B, summarized above, and applied some elements from Concept C. The Draft Preferred Concept *(see Exhibit 4, Draft Preferred Conceptual Design),* utilizes as much of the existing infrastructure as possible to help reduce cost, but provided for landscape, pedestrian, and bicycle improvements that met the original goals established for the project. The concept reduces the size of the existing median to 6 feet, while maintaining the existing utilities; allows for an expanded sidewalk with a landscape buffer between the sidewalk and the street on the north side adjacent to the Port intermodal freight rail yard; and provides for a bi-directional bicycle path and expanded sidewalk on the south side that is separated by a landscape buffer from the roadway. The bi-directional bicycle path and sidewalk are also separated by a landscape and site furnishing area.

The Draft Preferred Concept was presented at a community meeting on February 6, 2008 in which approximately 50 people attended. The concept was generally well received although there was some concern, primarily by the Local 22 Carpenters Union, about the loss of parking. Local 22 recently purchased the lot on the southeast corner of Third Street and Cargo Way. Based upon some refinement of the concept *(see Exhibit 5, Preferred Conceptual Design, On Street Parking Alternative),* it was determined that parking could be accommodated on the north side of the street. This parking area could serve multiple uses including being used as a temporary travel lane in the event that the 49ers Stadium is constructed in the Shipyard.

The Draft Preferred Concept was developed in a manner that could allow the improvements to occur in phases, including constructing all of the south side improvements first, which includes the bi-directional bicycle path, the new sidewalk, the landscaping and median improvements. The second phase would then be the north side improvements, including a new sidewalk. It is anticipated that the cost for all of the improvements in 2008 dollars is approximately $8 million dollars, but this estimate is being refined.

Next Steps

At its April 8, 2008 meeting, staff will seek input from the Port Commission on the Draft Preferred Concept. Thereafter, the Port and the Agency will be using the existing community and Port Advisory Groups to present the Draft Preferred Concept during the month of April. The Consultant Team will then prepare a final Concept and document outlining the planning process undertaken.

The Port, the Agency and other City agencies will then use that document to seek funding to move the project towards implementation, which will include Environmental Review,

preparation of construction documents and then construction. While the Port's Capital Plan has identified some funding for improvements to Cargo Way in approximately five-years, it is anticipated that additional funds will be required.

Prepared by: David Beaupre, Waterfront Planner
Planning and Development

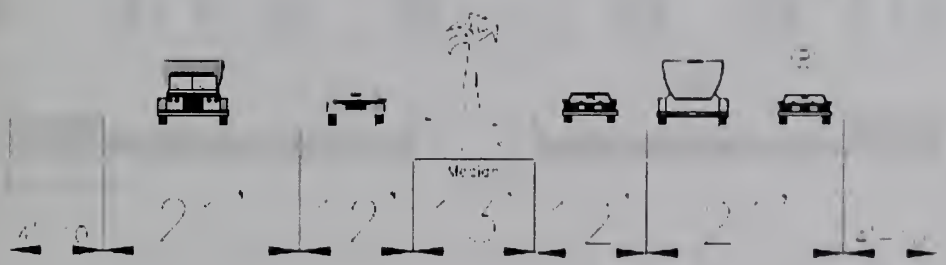
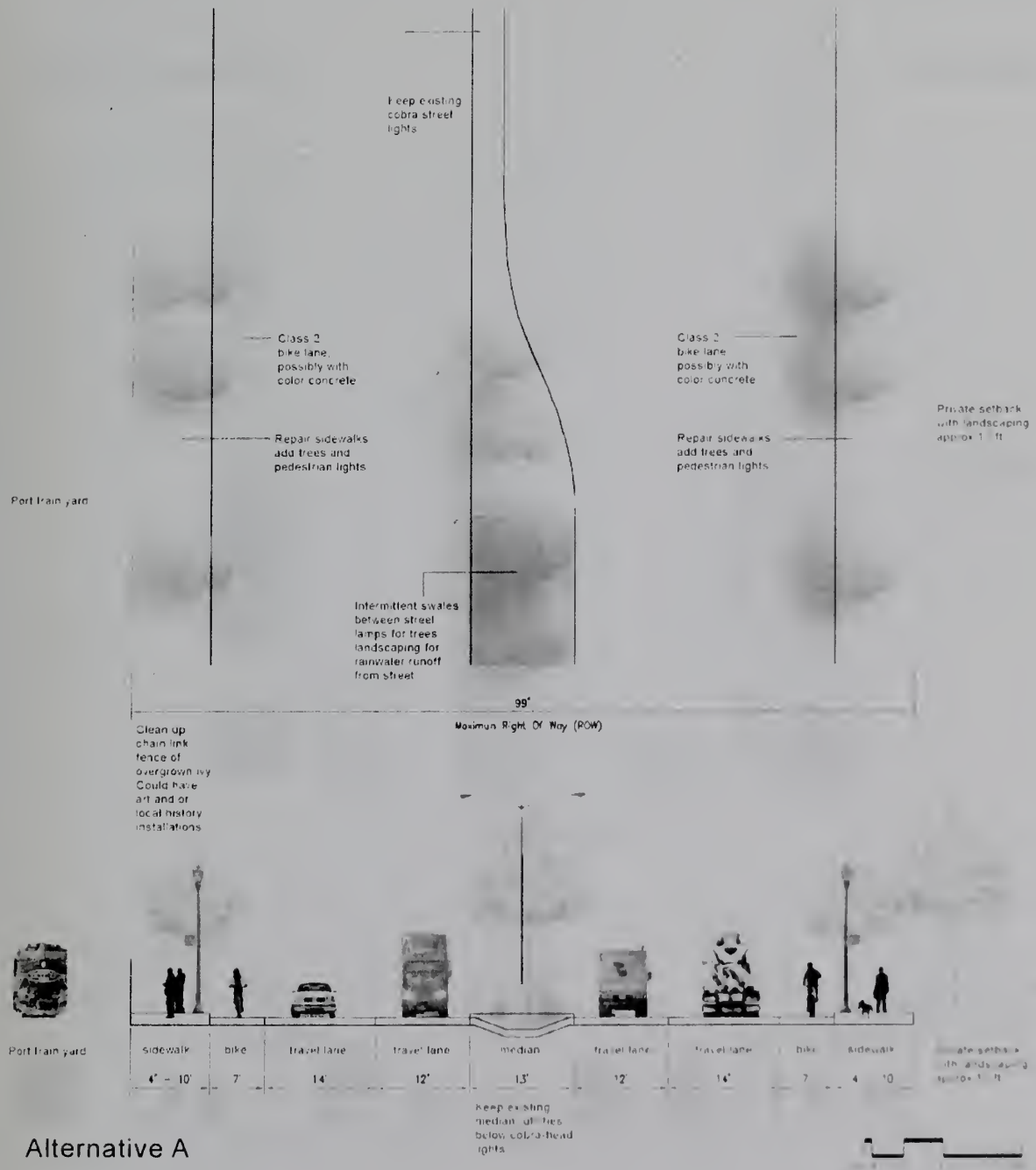


EXHIBIT 1 – SITE SETTING AND EXISTING CONDITIONS

NORTH
THE PORT BACKLANDS (Piers 90-94)

SOUTH
INDIA BASIN INDUSTRIAL PARK



Alternative A

EXHIBIT 2 - ALTERNATIVE A

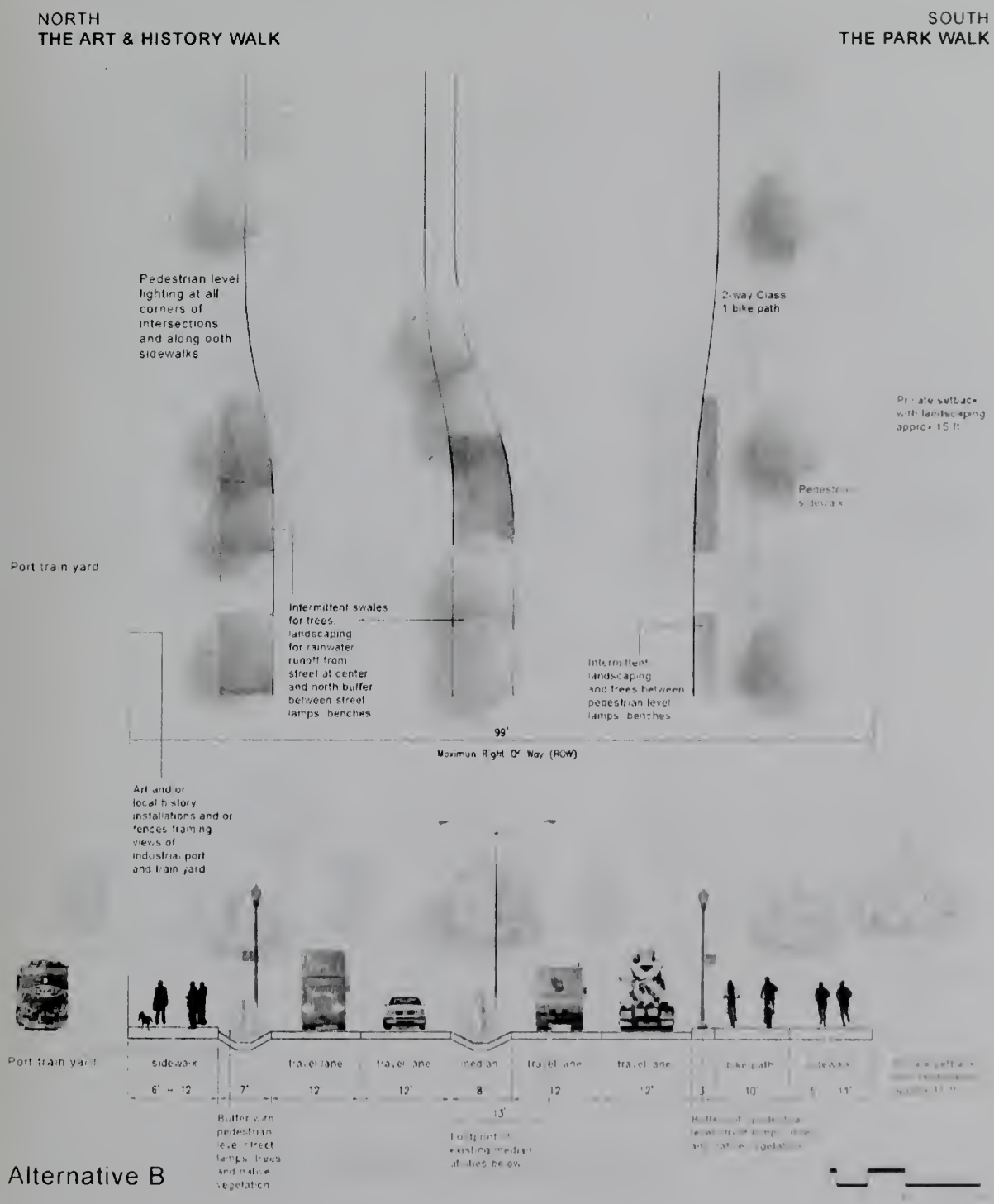
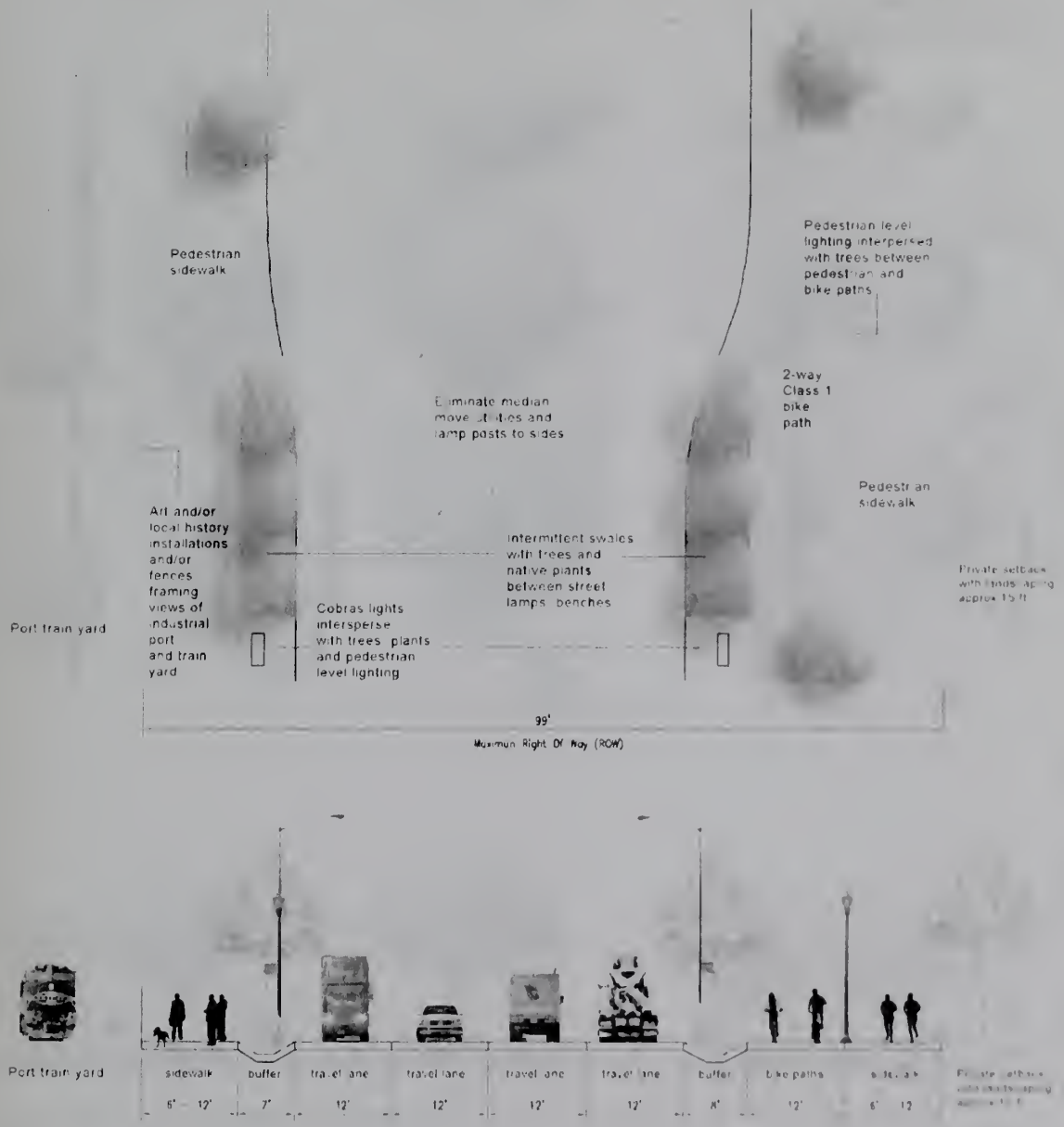

NORTH
THE ART & HISTORY WALK
SOUTH
THE PARK WALK
Pedestrian level lighting at all corners of intersections and along ooth sidewalks
2-way Class 1 bike path
Port train yard
Intermittent swales for trees, landscaping for rainwater runoff from street at center and north buffer between street lamps, benches
Intermittent landscaping and trees between pedestrian level lamps, benches
99'
Maximum Right Of Way (ROW)
Art and or local history installations and or fences framing views of industrial port and train yard
Port train yard
sidewalk
6' - 12'
7'
12'
12'
8
12'
12'
3
10'
13'
Buffer with pedestrian level street lamps, trees and native vegetation
Alternative B

EXHIBIT 3 – ALTERNATIVE B

NORTH
THE ART & HISTORY WALK

SOUTH
THE PARK WALK



Alternative C

EXHIBIT 4 - ALTERNATIVE C

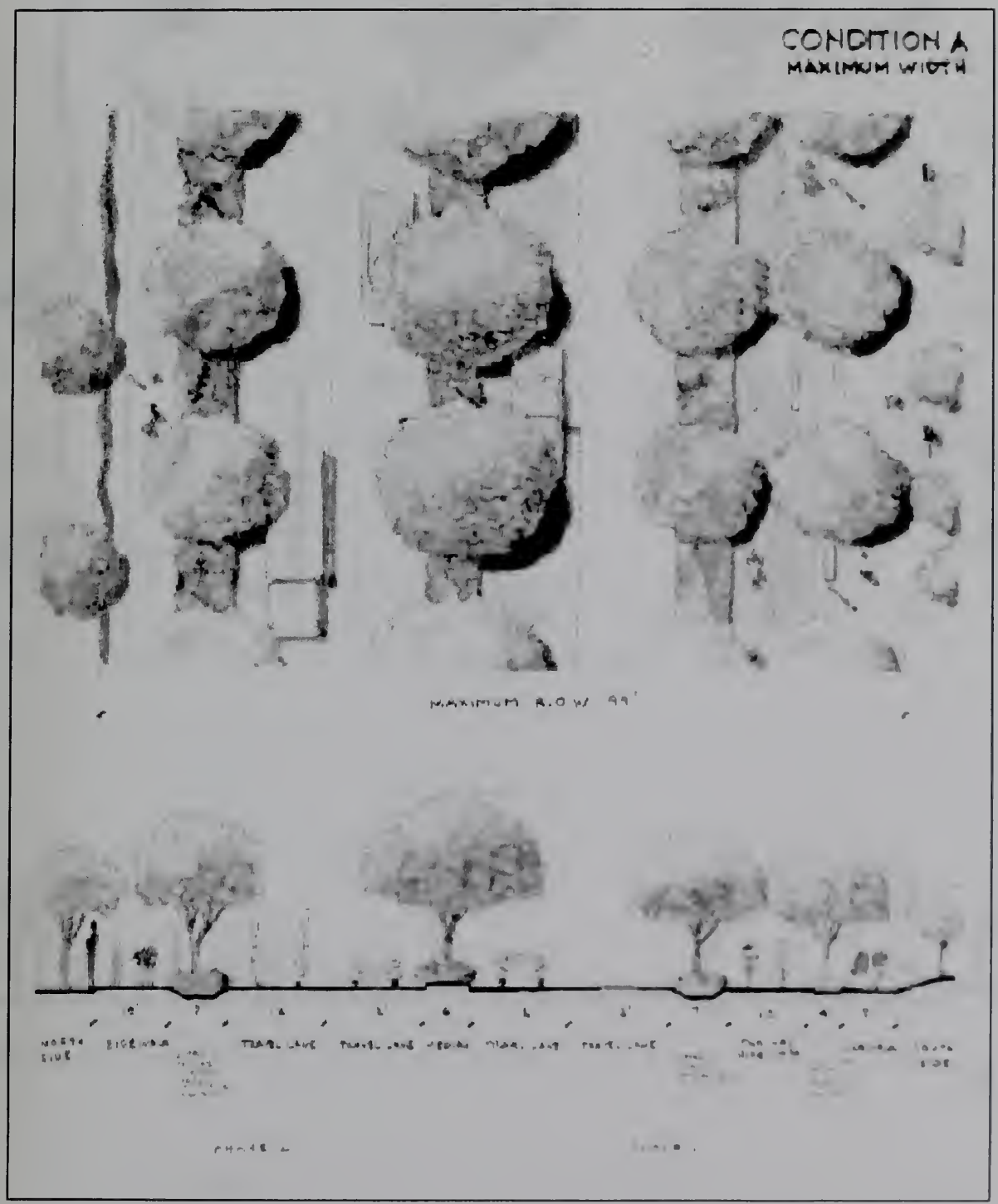


EXHIBIT 5 - PREFERRED CONCEPTUAL DESIGN

Cargo Way – Preferred Conceptual Design
On-Street Parking Alternative

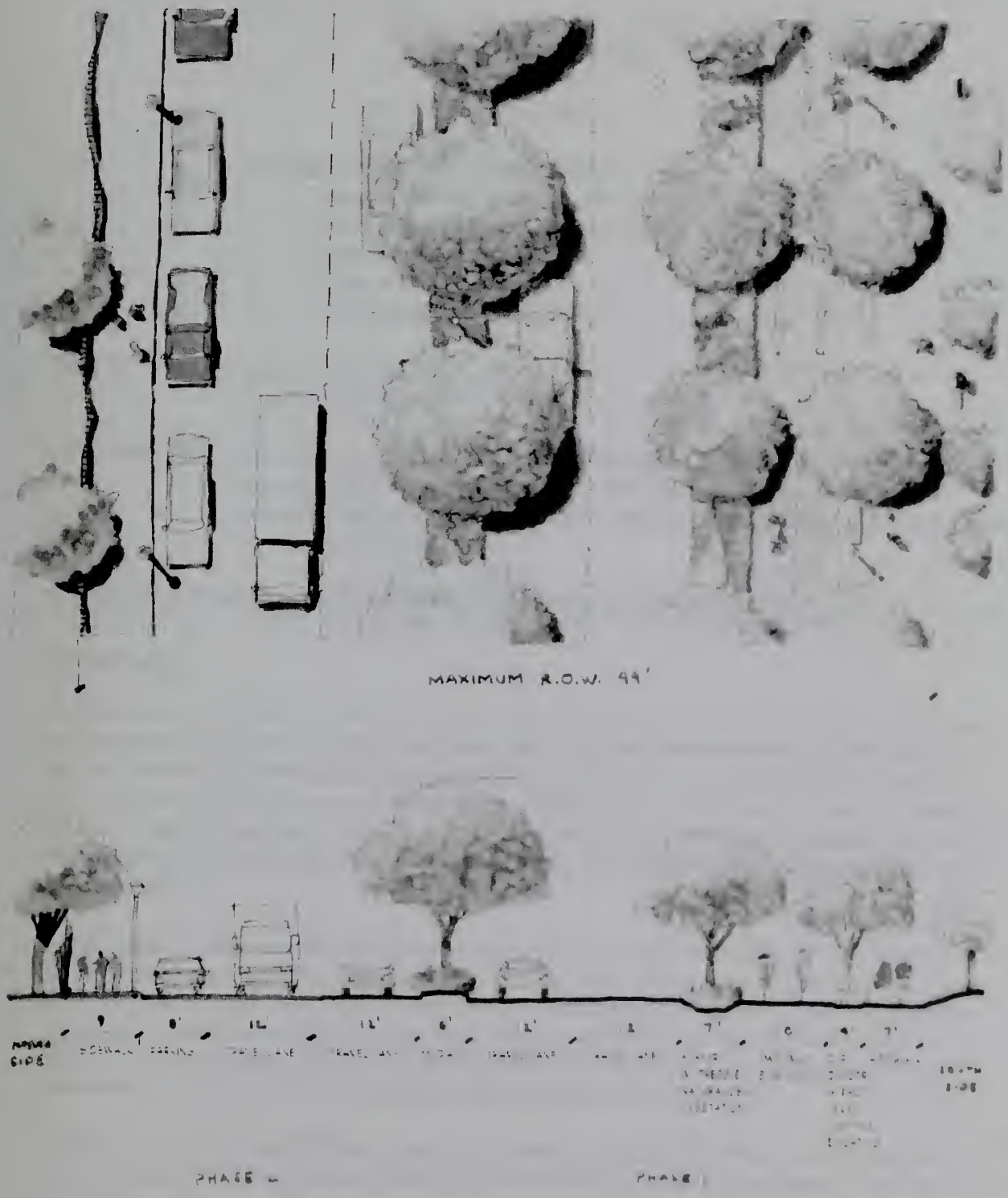


EXHIBIT 6 - PREFERRED CONCEPTUAL DESIGN, ON STREET PARKING ALTERNATIVE

PORT OF SAN FRANCISCO

MEMORANDUM

April 3, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval of a Memorandum of Understanding No. M-14538 between the San Francisco Port Commission and the San Francisco Airport Commission to exchange advertising support services and space for business promotion

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

On September 12, 2007, the Port convened a meeting with key marketing and management staff representing the Port of San Francisco, San Francisco International Airport (SFO), and the San Francisco Convention & Visitors' Bureau (SFCVB). The purpose of this meeting was to develop and discuss programs that might stimulate more growth in tourism throughout the City, identify similarities and share ideas for more effective management of our programs and properties, and generate greater collective benefit through collaboration between the three agencies.

A key program that was defined and discussed involved Memorandums of Understanding (MOU) established between SFO and both the Bay Area Rapid Transit District (BART) and the Municipal Transit Authority. These MOU(s) are barter arrangements that regulate the sharing of physical advertising spaces and/or sign production services between these agencies, allowing each agency to optimize utilization of surplus media space as well as share the production costs for promotional signage and event support.

Each year over forty-one million passengers transit through SFO, while over thirty-five million visitors come on to Port property for a defined purpose. The number of message impressions taken in by this population causes advertisers, media companies, and potentially any marketing department to hold great value for signage and message boards within these highly-traveled areas.

Print Covers Calendar Item No. 10A

Nearly two years ago, SFO seized an opportunity to utilize surplus advertising space and expand its marketing efforts through related City agencies by establishing a sharing agreement with the MTA allowing for the trading of advertising, printing, sign and banner production, event support, and other in-house services for similar space owned and managed by the MTA. This MOU ensured that the benefits to each agency constituted a fair trade of market value, was approved as to form by the City Attorney, and has been successfully used since.

Like SFO, the Port has surplus media spaces that are underutilized. Port staff has identified 341 light standards along the Embarcadero from Third & King streets to Hyde & Jefferson that can yield 682 banners — a total of nearly 25,000 square feet of useable space. Additionally, there are another fifty light standards located inside the cruise terminal at Pier 35 where banners could easily be installed and lend continuity and connection with the Embarcadero outside. In total, another 4,000 sq. ft. of useable space has been identified within Pier 35.

The Port and SFO now wish to implement a program comparable to that in place between SFO and the MTA that would promote both the Port's and SFO's marketing programs, as well as encourage mutually benefiting collaborative efforts such as the linking of promotions for air transportation and the Port's growing passenger cruise business. The intent would be to phase-in certain publicly accessible spaces controlled by the Port and populate these areas with banners relaying messages agreeable to both the airport and seaport:

1. Phase I would include, but be limited to, a combination of promotional messages on behalf of SFO and the Port, respectively, as well as messages that jointly promote both SFO and the Port. In terms of Port properties, only the banner and cruise terminal spaces identified above will be affected. In terms of Airport properties, 156 identified locations throughout all three terminals at SFO are offered.

2. Phase two could allow promotional messages on behalf of airport and seaport tenants, but only after the Phase I programs were jointly reviewed and assessed by both staffs and determined to have been of benefit.

3. Further phased programs and control areas could be expanded through joint meetings of SFO and Port staff held ninety days in advance of the start of each fiscal year.

Key Business Terms

The proposed Memorandum of Understanding contains the following key business terms:

1. Both SFO and Port have the right to request use of promotional spaces on each other's property for a limited period of time. The Port Executive Director or her designee shall have the right of final approval of the limits of use of Port property, including location, content, and duration. The Airport Executive Director or his designee shall have the right of final approval of the limits of use of Airport property, including location, content, and duration.

2. The Port will provide space on its property to display approved materials for a period of six weeks per display episode. Banners mounted on light standards along the Embarcadero or inside the cruise terminal shall be reserved a minimum of sixty days in advance of installation and used with a minimum allotment of 20 light standards per display episode. Maximum allotments at all times shall be determined by the Port.

3. SFO will offer use of sixteen locations in Domestic Terminal 1; forty locations in Domestic Terminal 2; and 100 locations in the International Terminal. These spaces shall be reserved a minimum of sixty days in advance of installation.

4. To ensure that fair market value is being exchanged for Port and Airport properties, SFO and the Port have agreed to a valuation system in line with the market rates for billboard and advertising spaces charged by commercial media and outdoor advertising companies, the Metropolitan Transit Authority, and San Francisco International Airport. The value of each type of sign will be based on an actual cost per square foot per day as currently being charged by SFO, MTA, or their commercial media concessionaires. As either the Port or SFO allocates space to the other party, the calculated value of that space will become credits that can then be exchanged for equal space usage at some other time.

5. The Port may also exchange its credits for related services from SFO such as sign and banner production, graphics design, the production & design of collateral materials, event support, and similar in-house services for which SFO has the capability. SFO has an in-house graphical reproduction department that is capable of producing professional quality brochures, advertisements, lighted sign boards, displays, reports, calendars, and any type of collateral material imaginable. Additionally, SFO contracts with outside firms that provide graphical layout, branding, and marketing services. These would all be available to the Port for trade.

6. SFO will pay for the fabrication and installation of all banners installed on Port light standards under this program, including those of the Port. SFO will also fabricate any banners or signs that the Port may want installed at SFO, but the Port will bear the cost and responsibilities for their installation.

7. The Port shall not receive any funds in connection with SFO's use of Port property. SFO and its contractors, agents or invitees will be responsible for all costs associated with all claims, damages, liabilities, or losses that may arise on Port property.

8. By March 1 of each year, SFO and the Port will determine the assets to be traded as part of this agreement for the next Fiscal Year. Promotional use of these assets will be based on the "Valuation Basis for Accruing and Exchanging Promotional Credits" shown as Exhibit A in the MOU.

Conclusion

The joint promotions programs and sharing agreements devised by SFO staff have proven to be a very flexible and efficient way of optimizing the utilization of media and advertising space that might otherwise remain unused. They allow other City agencies to take advantage of the great promotional value SFO properties have given SFO's large volume of visitors.

and their spending demographics. The MOU(s) that SFO has entered into with MTA and BART have been approved as to form by the City Attorney, and continue to be successfully implemented at all three SFO terminals, numerous BART and Municipal Railway stations, as well as aboard MTA light-rail cars. By entering into this proposed agreement with SFO, the Port will have more creative opportunities to populate both the Embarcadero roadway and the passenger areas inside the cruise terminal with agreeable signage that is both functional and visually appealing. Additionally, in its agreement with SFO, the Port will be able to take advantage of skills and production facilities available at SFO, but which are in short supply or non-existent at the Port.

Recommendation

Port staff respectfully requests that the Port Commission approve the Memorandum of Understanding as described in this report.

Prepared by: Gerry Roybal and Michael Nerney
Maritime Marketing Managers

For: Peter Dailey
Maritime Director

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-21

WHEREAS, each year over forty-one million passengers transit through San Francisco International Airport (SFO), while over thirty-five million visitors come on to Port of San Francisco properties for a defined purpose; and

WHEREAS, the potential number of message impressions taken in by this population creates great value for signage and message boards within these highly-traveled areas; and

WHEREAS, nearly two years ago, SFO developed a program allowing it to utilize surplus advertising space and expand its marketing efforts through related City agencies by establishing a sharing agreement with the MTA allowing for the trading of advertising, printing, sign and banner production, event support, and other in-house services for similar space owned and managed by the MTA; and

WHEREAS, this MOU ensured that the benefits to each agency constituted a fair trade of market value, was approved as to form by the City Attorney, and has been successfully used since; and

WHEREAS, the Port wishes to implement a program comparable to that in place between SFO and the MTA that would promote both the Port's and SFO's marketing programs, as well as encourage mutually benefiting collaborative efforts such as the linking of promotions for air transportation and the Port's growing passenger cruise business; and

WHEREAS, the Port and SFO now wish to enter into an agreement that sets forth the conditions under which SFO and the Port will execute a trading arrangement to support each others marketing efforts; now therefore be it

RESOLVED, the San Francisco Port Commission approves, hereby authorizes, and directs the Executive Director to execute the proposed Memorandum of Understanding No. M-14538 between the Port and the San Francisco International Airport, dated March 1, 2008, as described and upon those terms referenced in the staff memorandum for Agenda Item 10A for the Port Commission meeting of April 8, 2008, and in such form as shall be approved by the City Attorney's office; and be it further

RESOLVED, that the San Francisco Port Commission also authorizes the Executive Director to execute further additions, amendments or modifications to the proposed Memorandum of Understanding No. M-14538, which do not materially alter the rights or obligations of the parties or compensation due, as determined by the Executive Director in consultation with the City Attorney's office.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 8, 2008.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

APRIL 8, 2008
MINUTES OF THE MEETING

DOCUMENTS DEPT.

APR 18 2008

SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. KIMBERLY BRANDON, PRESIDENT
HON. RODNEY FONG, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS
HON. STEPHANIE SHAKOFSKY

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
APRIL 8, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:01 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

2. APPROVAL OF MINUTES - March 11, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor. The minutes of the March 11, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:02 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties:

(1) Build, Inc., Cherokee Company, UrbanGreen Devco
(2) Federal Development, LLC, Lehman Brothers Construction Management and Development, Inc.
(3) Kenwood Investment, LLC, Boston Properties, Wilson, Meany Sullivan
(4) San Francisco Giants, The Cordish Company, Farallon Capital Management

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

Number of potential cases: __1__ As Defendant

Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property. For Discussion and Action: Approval of an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County until approximately May 19, 2008.

5. RECONVENE IN OPEN SESSION

At 3:35 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong moved approval to not disclose any information discussed in executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Abraham Lincoln Brigade Dedication Ceremony: On Sunday, March 30, 2008 at 1 p.m. the Abraham Lincoln Brigade memorial art exhibit unveiled the monument honoring the Bay Area Veterans of the Abraham Lincoln Brigade. The monument is located just east of the Vallaincourt Fountain in Justin Herman Plaza on Port property. The Abraham Lincoln Brigade was part of an international brigade of men and women who answered the call for volunteers to fight against fascism during the Spanish Civil War from 1936-1938. These activists were the first group of anti-fascist fighters in the 1930's and went to Spain to fight against Franco, Mussolini, and Hitler. They were also the first racially integrated U.S. armed forces at all levels of command. Volunteers from the Bay Area and San Francisco were an integral part of this struggle. A number of them worked as longshoremen and seamen on the San Francisco waterfront and were activists in the waterfront strikes of 1934 and 1936. The opening ceremony was attended by hundreds of people, many of whom expressed great appreciation for the monument's purpose and its quality, and thanked the Port for hosting the location of this important monument.

- Transportation Worker Identification Credential (TWIC) Implementation – April 2, 2008: This is the new ID card that is being mandated by the Department of Homeland Security that is going to affect all workers on secured piers of ports throughout the country. It is being phased in from the East Coast moving west and from the southern part of the West Coast moving north. Long Beach, Los Angeles and San Diego ports are already working on getting their workers identification. San Francisco is due to be up to speed and implemented sometime this summer. This means that any Port employee, Port Commissioner and any ILWU workers or other workers going onto a secured pier at the Port would need to either have a worker ID card or they will have to be escorted by someone with a worker ID card. It's been challenging for the Department of Homeland Security to implement this. They are doing background checks on everybody who applies for the cards. There are a number of people who are getting denied cards on the first round. They've set up an elaborate appeal process. This is federally mandated and will be funded at the Port level. We estimate that the cost will be somewhere between $120-$150 per card for background checks, etc. The rules will be very strict the date that this is implemented.

- Seawall Lot 351 (Embarcadero at Washington) Development Criteria Workshop – Monday, April 14, 2008 from 5:30 to 7:30 p.m. at the Port Commission Hearing Room in the Ferry Building: There will be a planning workshop on April 14, 2008 to discuss the potential development criteria for SWL351. The workshop will be from 5:30 pm to 7:30 pm in the Ferry Building Commission Room. Interested citizens, Ferry Building area shoppers, merchants and workers, and the development community are invited to attend and provide input. SWL351 is a 27,000 square foot site across from Pier 1 that is identified for development in the Waterfront Land Use Plan for a range of uses. The workshop will focus on the types of uses appropriate for the site and the character of the development.

- Groundbreaking of Eco-Center at Heron's Head Park – April 22, 2008 from 11 a.m. to 1 p.m.: On Earth Day, Tuesday April 22nd from 11:00 to 1:00, the Port will be participating in the ground-breaking ceremony for construction of The EcoCenter, formerly known as the Living Classroom, at Heron's Head Park. The EcoCenter will be the first environmental education facility in San Francisco's Southeast sector, the first building in southeast San Francisco to be LEED certified. It has 100% solar power, on-site wastewater treatment, a green roof, and energy-efficient, non-toxic, and sustainably-produced building materials. The EcoCenter is being constructed by Port tenant, Literacy for Environmental Justice, with grants from the San Francisco Department of the Environment, the California State Coastal Conservancy, and numerous private foundations. The EcoCenter is anticipated to open by late 2008. It will serve the entire city with a menu of educational programs about clean air and water, shoreline habitat restoration, and green building technology.

- The San Francisco Maritime National Historic Park: The San Francisco Maritime National Historical Park Open House will be held on April 23, 2008 from 4 p.m. to 7 p.m. in the Park Visitor Center, 499 Jefferson Street in San Francisco. This is an opportunity for the public to meet park staff, learn about ongoing projects and provide feedback and comments

Ernestine Weiss indicated that she attended the dedication of the monument for the Abraham Lincoln Brigade on March 30, 2008. She did not see anyone from the Port. The huge rocks at the site have to be immediately removed. They are located right on the edge of the monument and they are a hazard. A 92-year old man fell on the ledge. The rock has to be removed immediately because the Port will be liable if somebody gets hurt.

B. Request approval of the Port's Proposed State Legislative Agenda Related to Infrastructure Financing Districts. (Resolution No. 08-17)

Tina Olson, Deputy Director of Finance and Administration, indicated that she's covering for Brad Benson who is on vacation this week. Port staff is seeking State legislation that will allow the Port to capture the State's portion of the tax increment of about 25% for the infrastructure financing districts. Brad Benson has met with aides to Assemblyman Leno, Nunez and staff to the State government committee and the assembly local government committee. They understand and appreciate the policy rationale for the Port seeking the state portion of the increments. They would like the Port to change some of the language in the legislation to strengthen it. It would include findings of blight on Port property and documenting known contamination on Port property. They'd like to amend the legislation that would require the Port to do fiscal analysis of a Port project for which we are seeking the State portion of the increment to demonstrate that the State's overall general fund will not be significantly impacted. We have to demonstrate that we are going to get so much from income tax, so much from sales tax from this development such that the loss in the possessory interest tax would be augmented at least equal to before they would allow it. We are

working on some language to meet these requirements. Brad Benson will continue to meet with Sacramento officials.

Commissioner Fong indicated that it's a significant amount of dollars. If this legislation passes in Sacramento, he asked if some of the funds are applicable to specific sites such as SWL 337 and Pier 70. Ms. Olson replied that staff has not programmed any of the funds since we don't have the state legislation. We have no identified uses for them except for potential uses. Commissioner Fong asked if this has been filtered into the capital plan. Ms. Olson replied that it has not. If the legislation were adopted in this legislative session, it would be included in next year's capital update.

Commissioner Shakofsky asked if the demonstration of blight is a pretty common task. Ms. Olson replied that it is pretty common particularly for development. We are trying to not necessarily put it out there that our property was blighted and have no problem with their wanting to have the finding of blight included in the legislation. Commissioner Shakofsky indicated that the known contamination is a little odd; she's not seen that in a redevelopment finding. She asked if there is a reason for that. Ms. Olson replied that it was to strengthen the argument that the Port of San Francisco has unique challenges. They are trying to narrowly define if there is another "me too" out there that it would be constrained and to having to meet similar types of demonstrable problems like the Port of San Francisco with the blight and the contamination finding. Commissioner Shakofsky asked about the demonstration that the Port won't affect the state general fund. Ms. Olson replied that's a bit tricky. With the income tax – is it just companies that have relocated to this site or are they coming in new to California, etc. Apparently, there was legislation in Southern California where this language was included. Staff is researching what they included to see how it would work for the Port.

Charles Chase, member of the Central Waterfront Advisory Group, supports the efforts of the Port staff in this endeavor. As the Commission is aware and have heard about the types of investment necessary to protect its resources along the waterfront particularly in Pier 70 which is important to the Central Waterfront Advisory Group and particularly the other resources that would benefit from this infusion of financial capital for the Port. As a private citizen, he urged the Commission's support in passing this resolution.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-17 was adopted.

8. CONSENT

A. Request authorization to accept and expend $1,522,536 in 2007 Infrastructure Protection Program Port Security Grant Program funds from the Department of Homeland Security for security improvements at the Port of San Francisco. (Resolution No. 08-18)

B. Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the San Francisco Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots under Lease No. L-11515 in an amount not to exceed $355,250. (Resolution No. 08-19)

C. Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78. (Resolution No.08-20)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 08-18, 08-19, 08-20 were adopted.

9. PLANNING & DEVELOPMENT

A. Informational Presentation of the Seawall Lot (SWL) 337 Advisory Panel Review and Deliberations Regarding the RFQ Submittals for Development of SWL 337 (property located between Third Street, Mission Rock Street and Terry Francois Boulevard).

Diane Oshima, Assistant Deputy Director, Planning & Development Division, indicated that staff is very pleased and honored by all of the participation both from the development teams responding to the RFQ as well as to the community at large. At the last Commission meeting, staff provided a verbal overview of some of the comments received. The March 1, 2008 public workshop was a resounding success in terms of getting into a meaty dialog between the development teams and the community. The advisory panel and Port got a rich understanding about all of the different moving parts of the proposals. Staff have updated a summary of all of the public comments received either through that workshop, through the previous Commission presentations, through the website and through letters, as attached in the staff report. It covered a breadth of issues and the SWL 337 advisory panel appreciate the benefit of the broad thinking in their deliberations. She thanked and acknowledged the development teams: Cordish, Cherokee/Build Inc., Kenwood and Federal Development. This process, somewhat of an experiment for the Port and the City, required a lot from all of them. She announced that staff received a letter from the Federal Development group this morning formally requesting that they be withdrawn from further consideration. They appreciated the opportunity to make their presentations to the Commission, appreciate the effort of the advisory panel, and respect the deliberations and the report to the Commission. On that basis, they decided to withdraw from consideration. Therefore, staff will not be covering their development proposal discussions in today's proceedings.

Ms. Oshima provided the Commission a brief summary of the financial and development qualifications. Those were the two aspects of the RFQ review process

that staff was either lead for or took most of the responsibility for reviewing and assessing. It's important to point out that this RFQ process was very competitive, very robust. The point scoring that resulted from it is reserved only for this RFQ process. There is no carry over on the assessment or the point scores from the RFQ into the RFP. We will start all over in the RFP process. She clarified that there won't be a cumulative point system that we are carrying on in this process. With respect to the financial qualifications, she thanked Lawrence Brown, the Port's financial analyst, for taking the yeoman's effort of researching all of the confidential financial documents and interviewing and discussing with the development teams the material they submitted. It was very labor intensive. He received some support from our consultants but by and large, it's a party of one who carried out that whole effort. The upshot of his assessment as reflected in the staff report is that all three teams demonstrate that they have the resources to be able to carry a project of this size and complexity. With respect to the development qualifications, Phil Williamson and Jonathan Stern took the lead in preparing and reviewing the materials received. Staff presented it to the advisory panel to get some insights before the report was finalized. The upshot of that assessment is that staff found the teams to be qualified at different levels where the Boston and Cordish teams clearly have the fullest breath in terms of taking on large scale projects with the kind of capital involved that we anticipate SWL 337 would require as well as having a team makeup that brings in the local understanding. Both of those teams for those reasons received the highest scores. With a possible maximum score of 35 points, Boston received a rating of 32 points and 30.5 for Cordish team. For the Cherokee company, there is recognition that Cherokee has quite a bit of experience outside of California, outside of San Francisco with brownfields-type of projects. The Build Inc. team also has local experience but most of their projects are smaller in scale and size than the comparables that the Cordish and the Boston team had. That's the reason in the division in the point spread between the Cherokee team and the other teams. Cherokee received 23.5 points. They all have the qualities that could make them developers for this site. Staff is so fortunate and honored to have the group of people invest that time. It was a great memory and opportunity for the staff to be able to be involved in that kind of interplay. There was a lot of knowledge and expertise that was brought into their deliberations. We owe a debt of gratitude to the entire advisory group. Even though they are accomplished people, it was a hard chore to keep everybody reigned in. Ruth Gravanis had a job on her hands as the chair of that group. She also thanked Paula Collins for being the vice chair.

Ruth Gravanis, Chair of the Advisory Panel, indicated that the advisory panel reviewed the developers written proposals, attended their verbal presentations and reviewed all the public comments received by the Port on the website and otherwise. They asked follow-up questions of the development teams and they've reviewed those responses and deliberated for four hours to prepare their recommendations to the Port Commission. Their findings and recommendations are based on their evaluation of how well the submittals responded to the RFQ, to the vision and the goals and the objectives that were stated in the RFQ. During their deliberations, they also flagged some issues and principles and clarifications needed and requirements that they believe should be given consideration as part of the RFP phase. The advisory panel's report is attached to the staff report.

Boston Properties (Kenwood Investments, Wilson Meany Sullivan): The panel responded positively to the size and layout of the blocks and to the pedestrian scale and orientation. The neighborhood character was seen by some members as conducive to a diverse housing mix and an attractive environment for families with children. The block layout created regular view corridors and the mews were seen as a good way to provide public space. At the same time, the panel felt that this concept did not take maximum advantage of the site's waterfront location and its spectacular views. While some members pointed out that the open space network was well suited to creating an urban, pedestrian oriented character, the panel felt that siting a major public open space did not relate strongly enough with the bay nor with the bay trail and the Blue Greenway. While the plan promotes an eye on the park relationship between development and open space that appears to encourage public safety, the Boston original submittal did not expand China Basin Park as was called for in the RFQ. The 300-foot tower to the north end of the site received a positive response from some while others felt that it seemed inconsistent with the RFQ objective to step the building heights down towards the water. The panel liked the idea of developing the blocks modularly to accommodate different development phasing options but the regulatory of the blocks also triggered some discussion about how to convey more excitement and character and vitality to the site. Panel members appreciated the focus on the artist's community but raised many questions including whether it's possible to accommodate working artists who are now priced out of San Francisco. The proposal to secure $28 million from the Mayor's Office of Housing to reduce housing costs for the artists did not seem realistic. Some panels were wary of the failures of live-work space for artists in the South Market. How would "artists" be defined and how would occupancy by artists be enforced? There were substantial questions about whether it was feasible to create the proposed critical mass of artist uses and resident artists and still meet the Port's revenue objectives. Boston's proposal for Pier 48 was regarded as the strongest of the RFQ responses. The idea of creating working artist exhibit space and arts events in Pier 48 had broad approval. If designed to attract the public, an arts theme for Pier 48 could create a new way for people to enjoy the waterfront. The panel could see how this art space focus could be very responsive to the public trust requirements for Pier 48 but it wasn't clear whether first consideration was given to public trust uses throughout the development site. Some panel members also applauded the concept of combining artistic creations with the sustainable technology such as renewable energy. As was the case for all the teams, the panel will expect clearer, more detailed description of the parking and transportation programs. Out of its total parking program, Boston defines 1500 parking spaces for shared use with the Giants. Acknowledging the recent parking studies which identify off-site parking facilities, Boston provides the most definitive starting point for crafting a sustainable parking program consistent with the City's and the Port's transit-first objective. The Boston concept included an assumption of a future T-Line stop at Third and Channel Street which doesn't appear to be materializing. While acknowledging a number of questions, the panel's evaluation reflects its overall positive response to Boston's concept for Pier 48 and its basic approach to creating a neighborhood scale, pedestrian friendly site plan. The panel felt that Wilson Meany Sullivan brings a particularly strong experience to the team. The panel recommends to the Commission that the Boston team be invited to participate in the RFP process.

Cherokee Company (Build Inc., and UrbanGreen Devco): Cherokee's stated philosophy is to create a development program and strategy that is shaped by the local community generated a lot of discussion. The approach was seen as strength but it also made it difficult to evaluate a concept that Cherokee itself seems to anticipate will undergo significant change. The panel recognizes that any development concept will undergo revisions as it goes through the public process, negotiations and entitlement process. It appeared that the other teams had a stronger sense of where they are starting from. On the other hand, given the high level of public participation in San Francisco development planning, some of the panel members felt that Cherokee's collaborative approach might more readily secure the support necessary to get a project approved. The panel appreciated the imagination and energy of Cherokee's design concept, agreeing with the notion that SWL 337 site plan should be a distinctive, yet complimentary part of the Mission Bay area with the local flavor reflective of San Francisco. However, the site plan and the development concept generated many concerns about feasibility. It's clear that the site plan with its diagonal streets and pedestrian corridors dividing the site into triangular blocks differentiate itself from Mission Bay. Some panels found this to be more of a positive thing than others did. Some did not agree with organizing the entire site according to the triangular concept. Some felt that it actively turned away from Mission Bay through its lack of connections to the surrounding streets. Some people found the site plan to be random and confusing with long stretches of uninterrupted walls in consistent with the fine grain scale that we would find conducive to a pedestrian environment. Other panel members liked the effort to try out different street angles and to test new ideas even if they were not fully fleshed out. The mixed of uses with green tech commercial office and with the local Teatro Zinzanni resonated well, reflected an effort to incorporate entrepreneurial spirit of the City's business community. Some members especially like the generously designed pedestrian corridor connecting to the Muni T-Line stop at Mission Rock Street. Accommodation of this major transit stop was not accommodated in the other proposals. As with the Boston proposal, the panel wondered why the public park near the area between Pier 48 and 50 received more emphasis than the north corner given especially the RFQ criteria that said expand China Basin Park. Some questions were raised about the feasibility of creating and maintaining a beach feature between the piers. The financial feasibility of providing an underground parking in a field site in this location was highly questioned. The suggestion of accommodating ballpark cars in a second underground floor seems even more unrealistic. This raised overall concerns that the team might not have the development experience required for a project of this complexity. The concerns about the site plan and the underground parking concept led to a split vote on the panel. It was 4-3 in favor of considering Cherokee for the RFP phase. This outcome reflected credit given to Cherokee's thinking outside the box despite significant questions and concerns. It also reflects that Build Inc.'s sensitivity to involving the community resonated strongly with the panel. Because their vote was so close, they recommend only that the Commission consider the panel's remarks as they decide whether or not to invite Cherokee to participate in the next phase of the process.

Cordish Company (Farallon Capital Management and the San Francisco Giants): The panel was very positive regarding the Great Lawn/Waterfront Park at the north end of

SWL 337 including the removal of the northern leg of Terry Francois Blvd. The park design elements reflect a careful, thoughtful assessment of the site opportunities and the community values that were reflected in the RFQ. This concept for a major public open space is the strongest of the three proposals. It integrates active water recreation and public views and a strong appreciation for the bay. The panel responded positively to the juxtaposition of Pier 48 and the Great Lawn Park because of the potential of the adjacent indoor/outdoor activities to help activate the public open space and to highlight Pier 48 historic structure. The Cordish proposal also appears to be most responsive to the public trust objective stated in the RFQ. Some panel members questioned the proposed alteration to the China Basin Channel shoreline and one panel member noted a preference for distributing more of the open space elsewhere within the project. There were many questions regarding the character and intensity of use in the program. The density of the Cordish development program is the highest of the responding teams. There were questions about the overall intensity of development and in particular the amount and type of retail uses that could be or should be included in the program. Cordish's proposal for 400,000 square feet of retail is substantially higher than the other submittals. Recognizing its sports entertainment and retail mixed use development experience in other cities, some panel members wondered whether Cordish would be able and willing to create a different formula and a different retail mix to incorporate the unique character of San Francisco and the Mission Bay area rather than more regional and tourist audiences. Can the retail program serve the commercial needs of the nearby neighborhoods as well as visitors from the region and beyond? Questions were also raised as to whether the intensity of the entertainment related activity would be compatible with the new residential development nearby and proposed to be built nearby. The panel saw the opportunity for the 6000-seat Music hall to enliven and activate the park. However, the panel members had several questions regarding the frequency and demand for events at both the Music Hall and Pier 48 and asked whether the park would be well utilized when there are no scheduled events. Some panel members wondered whether there was sufficient business demand to justify dedicating Pier 48 in its entirety for exhibit, events and conference uses. It was evident that management of the events and performances along with the Giants ballgame events would be central to the success of this development, to maintain a regular and lively mix of activities, and to manage the shared parking facilities to avoid major traffic and circulation problems. The panel found the Cordish proposal to be generally complimentary to the Mission Bay neighborhood with new streets linked to the surrounding streets, locating parking facilities at the south end of the site helps to create the foot traffic necessary for the proposed retail uses. The parking facility located at Third and Mission Rock Streets is extremely large but the Cordish team has wrapped this block with retail and residential uses to break down the mass and preserve street character. The panel observed that this parking structure also is located adjacent to the Muni T-Line stop at Mission Rock Street with no discernible pedestrian features to equally emphasize use of public transit. As with other submittals, Cordish proposal integrates sustainable technologies and practices into its proposal. However, some members were concerned about the fireworks, searchlights and light pollution associated with events and entertainment uses. There was a concern about light and noise impacts on nearby residents. The panel appreciated the thoughtful approach to producing the site plan and the compelling design of the waterfront park. They recognize this team for its

attention to detail in responding to the RFQ. They appreciate the clarity of the graphic information presented. The panel recommends that the Cordish team be invited to participate in the RFP process.

Ms. Gravanis called out three issues of particular interests. One of the key challenges that we face in the redevelopment of SWL 337 is consistency with the Tide Lands Trust Act and the Public Trust Doctrine. This parcel like most of the waterfront comes under the Burton Act and is held in trust by the Port for the benefit of all the people of the State of California. Privatizing uses such as housing, non-maritime office space have not been allowed on this site. Last year, recognizing the Port's need for revenue generation, the State Legislature passed SB 815 which allows for non-trust uses on SWL 337 for 75 years. As stated in the RFQ, it is still essential that first consideration be given to trust consistent uses. The Cordish team was the only one of the respondents to describe its approach to this requirement. Whichever team is selected to develop SWL 337 should anticipate that the State Lands Commission will conduct a thorough review to assure that the Port and the developer have made a good faith effort to consider and incorporate public trust uses into the development program. It's important that we provide some initial parameters when we prepare the RFP. Pier 48 is not affected by SB 815 and State Lands must find its uses consistent with the public trust. One of the most frequently commented issues is open space. The RFQ calls for the expansion of China Basin Park, a mixed of visitor serving and neighborhood oriented open spaces, and an open space network that ties into and expands the Blue Greenway and the bay trail. The development team submittals each had strengths and weaknesses in this regard.

For the Cordish proposal, the panel recognized significant public benefits of the Great Lawn Waterfront Park and also appreciated how the Blue Greenway and bay trail would be enhanced. On the other hand, there appear to be a shortage of neighborhood oriented open spaces to serve the substantial number of proposed new residents. For the Boston proposal, the issue seems to be opposite. The site plan gave a lot of attention to local and neighborhood oriented space and courtyards that serve the developments within each block but relatively little major public open space oriented to China Basin Channel and the bay and no discernable enhancements of the bay trail and the Blue Greenway. The Cherokee submittal does increase the park area at China Basin but places more emphasis on the design and function of the open space created in the middle of the site. Their RFQ response is not clear about the proposed function for the China Basin Park area despite its prime location for public open space enjoyment. A major objective for the development of SWL 337 is to realize an economic contribution to the Port's open space and historic preservation needs on other sites. The project would have to provide public benefits on site while at the same time generating revenue to provide off site public benefits on other Port properties. The Port faces projected capital cost of almost $2 billion in the next ten years and SWL 337 is one of the most significant opportunities to address those needs. In evaluating those submittals measured against the RFQ's economic objective, the panel recognized that the conceptual nature of the responses at this early stage made it difficult to provide clearly stated financial proposals and differing types and levels of on-site public benefits will affect the financial proposals.

However, the panel considered the general relationship between the density of development and the economic terms proposed.

The Cherokee proposal with about 2.9 million square feet of development was the only team to propose one-time payment for title to some parcels and pre-paid ground leases of $125 million. The panel acknowledged that the regulatory pathway to fee transfer title and to market acceptance of pre-paid ground leases has not yet been demonstrated. The panel and Port staff expressed a concern regarding the Cordish proposal which include the most development at almost 3.2 million square feet of development and relatively less revenue of $48 million. Finally, the panel noted that Cordish relatively higher development density proposed does not appear to translate to a base rent in the preliminary lease proposal that is commensurately higher than the financial proposals from the other respondents. On the other hand, Boston proposal which includes 2.6 million square feet did not include a clear financial proposal which appears to propose annual lease payments of about $3 million.

The advisory panel would also like to express its gratitude for the teams for their exceptional work, their exceptional responsiveness to the panel's questions and questions and concerns of the public. The panel also thanked Port staff for the essential role they played as a resource to the panel as they engaged in their deliberations and formulated their recommendations.

Jonathan Stern, Assistant Deputy Director for Waterfront Development Projects, indicated staff intends to bring this item to the Commission on April 22, 2008 for action on who should go forward from Phase 1 RFQ to Phase 2 RFP. Staff also intend to bring an action item for an authorization to issue an RFP on April 22. Traditionally at the Port, these action items both include development criteria. The development criteria are part of Phase 1 RFQ. There will be some modifications based on the advisory panel's deliberations and staff considerations. There will also be major business terms that staff will bring to the Commission.

Transportation and parking: There's no attempt at staff level right now to advance a specific number, minimum or maximum number of parking spaces that would be acceptable for the RFP submittals. We challenge the teams to make it clear in their plan, in terms of parking, how parking is shared, how the development will be used both the transit resources and other parking resources that already exist in the area. We are proposing to make a requirement of the RFP that parking is 100% unbundled. In other words, no parking spaces are dedicated with any specific use but all parking that is proposed for development on the site is generally available on a dollar or fee basis for any of the proposed use for any other common public use.

Open space: Port staff would like to reiterate the development criteria assertion that the major park area in the northeast corner of the site set a minimum size of the park, 5 acres as a minimum contiguous major park open space in that area. We are going to refine our criteria to make sure the developers demonstrate that this is an activated space. It has multiple uses and certain other issues such as the wind; they have plans for mitigating so it's a usable activated space. With open space, we are going to strongly encourage the teams to remove the northern leg of Terry François Blvd.

which will allow for more development and park space. Based on what was submitted in the concept phase, we believe there are many ways to utilize the site with maximum benefit that does not require that road.

Overall density: The proposals range from total developable square feet including parking from about 2.6 million to 3.2 million. He emphasized that staff agrees and it should be written in such a way that the overall dollars to the Port, in terms of annual rents or other payments to the Port should be commensurate with the densities and based on the advisory panel's deliberations and public comments, the overall density will need to be achieved through some height. There will be some more guidance in the development criteria about towers. There is a provision for slender towers in the original development criteria. We are going to propose that it's clear from the development submittals that the 250 to 300+ range for something that was presented to the public. Sustainability – it's difficult especially in this conceptual phase to judge how sustainable a project is. We are going to clarify our development requirement criteria and submittal requirements for the RFP to make measurable, some of the sustainability requirements and some of the ones that staff is proposing. Based on the feedback we've heard, a LEED neighborhood development LEED and D standards, there's a score sheet. The developer's submittal should be required for what the score would be for LEED & D. We would also be asking submitters to quantify their water, energy, and carbon sustainability footprints. That would allow us to take something which is up to now has been difficult to understand how sustainable these proposals are and quantify a number of the factors.

Business terms: The advisory panel and the public are encouraged by the mixed of uses. It is important that some of these uses have both benefits to the Port and the public overall but some of them also affect the dollars that need to be invested in the site and the dollars that will eventually flow to the Port. We'd like to propose that each of these uses, especially uses such as parking, housing, retail and Pier 48 uses be called out separately as if they are separate components of this proposal. They each represent significant public benefits. They should be clear about the amount of public investment that is going to go into them as well and how they affect the bottom line and how they affect the rents the teams are offering. Given the condition and the conceptual level of land uses and uses suggested for Pier 48, staff would like to suggest to the Commission that the Pier 48 lease terms be limited to ten year terms unless developers specifically demonstrate they have public improvements that require longer amortization schedules.

Business terms for retail: Given that there are many retail tenants on the Port, staff would like to propose comparable rent structures here as we have in other parts so we have a level playing field for all of our tenants. Specifically, since retail tenants up and down the Port pay percentage of gross proceeds to the Port directly. We are going to propose that for the retail subtenants as a submittal requirement. Right now we are offering a ground lease so we need to amortize the vertical improvements for the retail structures first.

Toby Levine, co-chair of the CWAG, indicated that they approach this discussion in a different manner. They took categories and put forward attributes that they thought

were important in each category. The first set of categories has to do with Pier 48 and what they felt would be useful at that pier. There are a couple of things their group would like to highlight which include the fact that circulation should not be counted as open space. Open space should be open space and it should be active open space. Their committee was sympathetic with the inclusion of wetlands and wildlife habitat. They like the large open space that was proposed in a number of the proposals. They hope that will continue throughout. They like the integration of open space with Pier 48. They think that particular piece could be better played. They want the water access but have some suggestions about that. In terms of the urban design, the group was enthusiastic about the taller, slender buildings with step back. They agree with the panel about the thought that must be given to circulation both pedestrian and vehicular and with transportation. They like to see that the existing grid be maintained. One the committee members feel that all of the developers should be reminded that the Lefty O'Doul Bridge is a significant point and it should be incorporated in the designs in whatever way possible. Some of the thoughts they had were in conflict with each other. They don't want a cluttered look but they want a high density look. There will be inherent conflicts of what the goals are to be. They didn't use the word parking, they use the word car storage. We have to think about cars as being stored and they certainly should be paying for the cost of their storaging. All the issues with regard to sustainability are important and she hopes that when the RFP comes out, they will be pushed even further because in the end, that's going to be extremely important for all. The committee feels strongly that none of the proposals looked at the whole project from the Third Street corridor. They need to step out and turn themselves around and look at it from that perspective. These are attributes that the committee found favorable.

Maggie Krug, UFCW Local 648 Secretary/Treasurer, opposes the Cordish plan due to their sincere concerns of the group's track record on labor issues. Also of the issue of their support of big box stores. Cordish is the majority equity holder and they will be the one driving the bus. UFCW feel uncomfortable with Cordish at the wheel. Since this is going to be a new neighborhood in the City, they feel that it is more appropriate that a smaller, more community minded business be given the opportunity.

Frank Santoro, Delancey Street Foundation, indicated that they have been neighbors with the Giants since their beginning plans of the stadium. They have treated the whole neighborhood well from that day to this day. They respected the neighborhood and they are true to their word.

Mike Gordon, Delancey Street Foundation, indicated that their president Mimi Silbert has spoken with other building owners and managers and feel the same way about the Giants in this new site. If the developer of SWL 337 does not understand the delicate balance between parking, public transportation and that the development must be in harmony with the neighbors in the city, our quality of life would be severely negatively impacted. The Giants and the Farallon Group are neighbors and their motivation to develop this site in harmony with their values is strong. As reflected in their prior work and in their design for the site, he's sure others can redesign but the original design reflects the basic intention of the developers. The Giants' plan stresses

open space. The proposed waterfront park is beautiful and dramatic. The interior spaces are to be filled with the kind of art and music that represent our city. Working closely with Alice Waters are just examples of how this team represents the neighborhood and the City and how we should trust the team to move forward as developers of the SWL 337.

Brian Storts, Queen's Nails Annex, represents and speaks for the artists that are part of this proposal. The consistent nature of San Francisco has shown that the exodus of culture has been consistent with the increase of commercialization and dot coms, etc. She has maintained a very consistent business plan within the gallery to bring and continue to cultivate cultural in this community that can thrive. It's been difficult because a lot of artists have left the City. It's important to bring those artists back to the City and bring the discussion on a global landscape of contemporary art thinking and to make them a significant player in the landscape. She knows that it's farfetched at this moment but it does serve as a utopian place for artists to someday work together and exchange information on a global, national scale.

Alek Felstiner, UNITE Here Local 2 representing hotel and food service workers in San Francisco and San Mateo counties, congratulated Port staff and advisory panel for doing such an admirable job in steering this process and preparing the recommendations. They believe that the panel and staff and the Commissioners have not given sufficient attention to what is, in their view, is the most critical question which is what kind of track record do each of the bidders have in similar projects. In past meetings, the Commissioners have rightly observed that this project is more than a design contest. It should not be given to the developer with the biggest name or the largest pot of money. The community and the Port have too much at stake. We need to undertake a thorough and public account of each bidder's track record. Boston Properties with Embarcadero Center and Wilson Meany with the Ferry Building and the Flood Building have both demonstrated their ability to develop projects smoothly and successfully. There was also testimony that the Giants did the same thing at AT&T Park. They have no concern about their ability to deliver. However, their union has submitted two letters to the Port regarding their significant concerns with the track record of Cordish and these issues of track records have not been reflected in the staff report yet. They are hoping that going forward the Port will consider them seriously.

Raman Frey, Frey Norris Gallery, supports the Art First SF Proposal. His opinion might be valuable to the Commissioners in the sense that gallery owners when they are doing their job are a barometer of the health of the art community. One of the things he and his business partners do with some regularity is they visit all the art schools. They visit with full time artists and ask them about what their concerns are and what they are doing. The San Francisco bay area produces more people with degrees that should lead them to become full time professional artists than any other city in the West Coast. Some of those major universities are the California College of the Art, SF Art Institute and the Academy of Art University. When these people graduate and want to become professional artists, as things stand right now, they don't have many options. They have a very high cost of living and not as many opportunities. He thinks that the number one concern for creating and sustaining a

community of artists that does not leave, which is often the case, is creating affordable housing, affordable studio space and that is something this proposal does very well. They go on regular scouting trips to places like Los Angeles and New York. Both of those cities have environments where artists can have studio spaces below market values and the developers have publicly said that they would have a mix of commercial and non-commercial uses that would allow for the subsidized spaces for artists. In terms of real dollars, the book, Rise of the Creative Class by Richard Florida, Florida speaks of San Francisco as the most creative major city in the country. There's quantifiable data in the book for why we attract core creatives. These tend to be design people and people who are not full-time visual artists. An environment in a context like this would give them affordable housing, affordable place to work and if there were galleries included, it would also give them income streams that would allow them to stay here.

Jessica Tully, professional artist, supports the vision that has been forwarded by Kenwood Investments for SWL 337. The Kenwood plan creates 170,000 square feet of new art space, studios and galleries, creating a new arts district, including housing affordable housing for artists. It is sustainable and it's green. She lives in San Francisco now. After living in New York City and Los Angeles, she returned to attend the graduate program at the SF Art Institute. She received her Masters in Fine Arts in 2002. Since that time, she had to move to Oakland twice in order to maintain her practice. She received the David MacMillan award for her graduation which is the best of show. She is one of those artists who had to move and had to struggle and like a little salmon, come back to San Francisco each time. At the moment, she lives in San Francisco and uses her kitchen as a studio. She is part of a greater artist community. They do what they can to stay here, to thrive and to show to non-profit art galleries. She is currently exhibiting at Yerba Buena and she has been selected for Bay Area Now. They are a set of artists who want to contribute and continue to be in San Francisco and participate in the civic life and give back. That's what their art is about. The plan put forward by Kenwood Investment provides that space, houses that vision. She has known Darius Anderson for 20 years. He is one of the chief developers with Kenwood and she knows his commitment to the arts. She is familiar and confident in the way that he's progressed with this plan in engaging the arts community, in the discussion and in the dialog.

Tracy Wheeler, President of the Board of Southern Exposure, thanked the advisory panel for doing an amazing job reviewing the proposals. She believes that the arts proposal as put forth by Kenwood is a vital and important proposal and it can serve a multi-purpose that the Port has. Big box retail is a risky way to go because retail is cyclical. Retail goes in and out of fashion. Art and small artists are a million little bees, keeping the community lively rather than expecting 5-6 bears to keep them going. She advocates for the bees. If Kenwood does get this chance at the RFP, she would implore them to look at the open space closely. The places that she thinks that are vital are communities like Chelsea, the area around the Tape Modern, Dumbo in Brooklyn, have an amazing confluence of water and art. She hopes that whatever happens brings those two elements together.
Jay Bradshaw, SF resident and director of organizer for the Carpenters Union, shared a short story about Build Inc. who is part of one of the bidders. They have ongoing

labor dispute with Build Inc. It's been about them bringing out-of-area workers to work for their subcontractors specifically on 900 Minnesota Street but could not comment further due to litigation. When they brought it to their attention, the hyper exploitation of those workers, they had no interest in helping them work it out. They have a long, ongoing battle with them. He finds it insincere for them to talk about community outreach. He is a member of Local 22, Carpenter's union, a proud San Franciscan. They have a long track record in working with their contractors that are union contractors about reaching out to the community and making sure that the community is taken cared of. While they have a heavy respect for artists and culture, it's the working class of this town. People being pushed out. The building trades and the carpenters, they have a path for people being able to stay here and get good jobs. Building Inc. stands outside of that. The idea of them reaching out and working with the community and this plan, they conveniently left out the contractors they hire that drive down wages and conditions, bring folks from out of the area and hyper exploit them. The carpenter's union stands with those workers, help them through litigation, help them organize. In the end, they have a base of contractors. He wants the Port to take a close look at them. It's not all rosy with Build Inc. They would be happy to provide more information. If they are considered, he doesn't think that picket lines and unpaid wages for drywall workers is the kind of company we want to put in a project like this.

Paul Cohen, Director of Government Relations Carpenters Union, indicated that they represent 40,000 members in Northern California. He commended Port staff and members of the advisory panel for careful consideration of well thought process to date. He understands that the Port has financial revenue considerations. He asked the Port to keep in mind the broader issues. The community benefit that would be derived from turning public lands over to private use. There were comments from staff, advisory panel and the speakers about sustainability. Sustainability includes the concept of equity and economic justice. It falls to the Port to consider the quality of jobs that will be created in constructing this project. San Francisco has a proud tradition as a union town. They look to the Port to uphold that tradition, good wages, good benefits and training for the next generation of workers for our community. A couple of the teams under consideration bring strong credentials in terms of their labor policies. Kenwood Investments has signed a letter of intent committing to do this project and cover all of the work under project labor agreement. They appreciate their upfront commitment done in advance of knowing whether or not they are going to get this project and to continue to do the right thing by the community. He acknowledged the Giants' strong labor policy and the project labor agreement on Pac Bell Park was a good thing for everyone involved. It helped the community progress as well. He acknowledged that they are sitting down with the Giants and the Cordish team and they expect to reach agreement with them as well. He hopes that the Port Commission consider the issue of economic justice as the Port decide how to go forward.

Jon Worden, Jon Worden Architects, member of the design team Build Inc. proposal. He asked the Commission to consider the proposal from an urban design standpoint. One of the issues that have been brought up as a criticism of the proposal was the triangular blocks and the diagonal axis. They feel strongly that extending the grid of

the city to the waterfront is incredibly important to the city. It's their primary pattern. It's also important the special sites sometimes deserve special treatment. If we think of Columbus Avenue stretching from the financial district diagonally to the grid all the way to the waterfront, which was a bond issue a long ago or Market Street historically marking the path from the Mission to the waterfront or even Cervantes in the Marina that is actually with the Golden Gate Bridge, again diagonally through the grid. Those special streets give special meaning to places and allow those places to have certain life that they wouldn't have otherwise if the grid were continued directly through. They feel strongly that the grid should connect through and the local streets should connect through to the sites as well. They feel that when you go out to the site, the strong axis from the Lefty O'Doul Bridge diagonally through the site you can see now because it's an open parking lot all the way through the water is a beautiful thing than if the grid was just extended straight through would be lost. Another strong axis from Mission Rock and Third Street diagonally in the other direction frames the Bay Bridge and Yerba Buena Island. They feel that those two things are important and they were things that allowed the site to breath in a way that just extending the grid directly through wouldn't. For urban design, he asked the Commission to consider their proposal.

Alma Robinson, California Lawyers for the Arts, spoke about the wonderful opportunity that San Francisco has to again extend the recreation and cultural space along with housing and other mixed use. On behalf of the CA Lawyers for the Arts, she expressed their strong support of Boston Properties, especially the concept put forth by Kenwood Properties for substantial amount of affordable space for working artists. She was a member of the city's task force which ended its work two years ago. Part of the motivation for the entire task force was to see what they can do to stem the flow of artists out of San Francisco and maintain the cultural vitality which is the pride of our city; it's what we are known for around the world. The Port has an opportunity to make sure that we can implement one of the important recommendations that came out of that task force i.e. use the city's land use and financial resources to create incentives or substantially increase supply of affordable housing and work space for artists. She was pleased to learn about this proposal because they are well aware of the huge demand for artist space. She urged the Commission to consider this as an appropriate opportunity to meet these needs.

Linda Schanfein, Art House Executive Director, indicated that Art House builds live/work studio space for artists. They also have a hotline that generates space for artists. 76% of the artists would like to live and work in San Francisco. Unfortunately, they have to tell them we don't have a live/work space here in San Francisco and have to send them to the east bay which is an unfortunate even that they have to do on a daily basis. This is an opportunity that the Port should not pass with Kenwood Investments and Boston Properties. It is long overdue for artists to be able to get into studio spaces and live/work affordable housing in the City. 170,000 square feet of space for artists is an enormous amount that they can do so much with. Bring culture back on the waterfront. She thinks that Kenwood Investment proposal, they show that for a $1 per square foot which is extremely affordable for the artists and what they are looking for and what they can pay is something that they can deliver. She asked the Commission to consider that.

Tim Colen, SF Housing Action Coalition, commended the advisory committee for the thorough and thoughtful job they did. It was a remarkable presentation. On the question of housing, the housing Action Coalition would support a project with housing at all levels of affordability and wants to know how the different proposals are going to achieve that. It's a crucial question. Are they going to limit themselves merely to the City's inclusionary housing ordinance or can they go beyond that? That would be an appropriate question to put into an RFP. They think that family housing and unit size is an important consideration as well. A project heavily weighted to studios and one-bedroom units would not be as conducive to creating as balanced a neighborhood as one with more family sized housing. On the other hand, they favor creative approaches to improving affordability and well designed smaller units as means to achieve this. They strongly support the idea that parking should be unbundled. They think that building parking on dense, urban environment such as Lot 337 would be quite costly and inevitably comes at the expense of other better uses that could be used to create a more desirable neighborhood. More broadly, on the question of parking, the three remaining proposals, proposed significant new amounts of parking. This comes in an area already with significant investment in transit infrastructure. There are four bus lines, the T and N Muni Lines, Cal Train, the future central subway, etc. They question whether the relative emphasis on private auto use for these proposals is consistent with the investment that is being made and will be made in the future in transit infrastructure. As they interpreted the proposals, there's a lot of new parking being proposed. Kenwood's proposal included a table that indicates that there are significant underutilized parking resources that exist now. They question why this emphasis on parking if there's underutilized resources. They believe that advantage should be taken of the existing current parking infrastructure before new investment is made because it always comes at a high cost and at the expense of other better uses. As to the questions of office and retail use, all things being equal, they'd like to see more emphasis on housing and creating a San Francisco neighborhood rather than a destination, an entertainment retail destination. They think that a key concern is how the RFP is going to evaluate the need between creating retail, entertainment destination compared with that of a new San Francisco neighborhood. He favored the three proposals going forward. They each have a different flavor. They like the Giants emphasis on open space. On the other hand, they like the Kenwood and Cherokee proposals that are locally flavored in creating a neighborhood with locally serving uses.

Corinne Woods indicated that she lives two blocks from SWL 337 so what happens on that block is important to their neighborhood. They have lived with baseball for 9 seasons. If yesterday's opening day was any indication where the entire neighborhood was blocked with cars looking for places to park. Parking is a huge issue. They understand that we are a transit-first city. They also understand that there are people who will not get out of their cars until they drop dead. How parking is addressed in the next thing forward will define a lot about how land use works and whether Mission Bay works and whether the rest of the neighborhoods around the ballpark work. She liked Jonathan Stern's comments and his recommendations going forward. She thinks that these things have to be integrated. The staff and the advisory

committee did a phenomenal job putting together all of the elements that went into the proposals.

Ernestine Weiss complimented the advisory committee and the staff for their hard work. There are a lot of elements as explained in the review of the advisory committee. We are about to lose the Cow Palace. It is a deteriorating facility and it's going away soon. It needs to be replaced and what better place to put a venue than on the waterfront which is a desirable destination. The Giants have a proven record. Parking is a must. We can't get away from it. The price of gas may discourage some but not everybody. The fact is they come from out of town where the trains do not yet come to the TransBay terminal. It will be years before they have those facilities available. We have to develop this plot intelligently. The Giants have provided open space. Location is very important. It can't be in the middle, it can't be on the side. It needs to be where it is in the proposal, right smack on the waterfront. This is what we need, a continuous open space. She recommends that the Giants be considered. They have an established record. They are a wonderful neighbor. They've done it all.

James Kess, executive director of Youth Speaks – arts, education and presentation organization, primarily working with young people, supports Kenwood project. Over the last 12 years, a profound cultural shift and how the young people of San Francisco consider themselves as part of the city's fabric when they have an opportunity to creatively and civicly engage in what's going on around them. It's critical that the young people of San Francisco have artists and have culture to look towards and to understand the investment that the City is making in their future and giving them a place and give them an avenue in which to invest themselves and their minds into the culture and fabric of the City. He is a working artist himself. It's critical for artists to have a place to live. San Francisco needs to have artists. San Francisco needs art institutions and investment by the city in the arts and not such an investment in big box stores. Young people need jobs but they also need a cultural fabric in which to step into so that the future can be a bright one for them as well.

Tom Radulovich, Executive Director Livable Cities, on behalf of Livable Cities and San Francisco League of Conservation Voters, indicated that all the proposals are interesting and the Port should advance all three into the next phase. He spoke about two specific considerations for the Port Commission in evaluating the proposals and in writing the RFP. Those are parking and open space. Open space – this entire site is zoned open space and was originally meant to be open space for the Mission Bay Plan. Whatever the Port does, there should be a significantly sized open space. A lot of the waterfront open spaces are little. He lives near Dolores Park. It's a great big open space. It's good for intimate gatherings, large gatherings, etc. Significant open space on this site is important. He also suggested looking at Terry Francois as a potential open space. It's a big road; it does not go anywhere. We still need access to Pier 50, which can be done perpendicularly. What if those were pedestrian and bicycle promenade? You'll create an incredible open space that would link China Basin to Pier 70 if you were to close Terry Francois. You could pick up as much open space as we'll lose from the development portion of the program. Look at those two things together. On the issue of parking, the Port should take advantage of the wonderful transit that exists on this site. The Third Street light rail cost over half a

billion of dollars. It was an entire generation worth of transit investment and any development that goes on that site should be tied to that. The other thing is the constraints. The whole Mission Bay area and the bay on one side, the skinny Third and Fourth Street drawbridges on the other and because of Caltrain and the Channel 16th Street, an important bike and transit artery, access is very constraint. Automobile dependence is not an option. It does not take advantage of the transit on this site and it's going to create problems. That means two things: 1) this site is zoned for open space. He hopes that when you look at parking requirements, you look at the best practice currently for zoning which means that you have some car free units as part of the residential mix along with units with parking spaces and reasonable maximums for the non-residential uses. (2) There should be no accessory parking; i.e. parking for the Giants. Everybody knew that the Giants parking is temporary. This was always to be open space. We need to lessen our automobile dependence. There's plenty of parking in the neighborhood. There are huge office building sites that are available nights and weekends when they could be used for games. There's on-street parking which could be managed better, doing the things that the Port is doing with meters, to allow people to buy a few hours at a time rather than one hour. It would allow game day parkers to go and there's going to be a huge parking lot underneath the freeway between 2nd and 3rd Streets. AC Transit, the other transit operator, will park their midday busses there. Those busses are out in the evening. That could be used as parking as well. Don't add the parking on this site. Manage parking in the neighborhood and find accessory parking the uses that the Giants have and do some significant open space.

Jenifer Wofford, bay area artist and professor, teaches at University of San Francisco and will be teaching at UC Berkeley. She has not been able to afford to live in San Francisco since 1998. When she heard about the Kenwood investment plan, first she thought it was a fantasy and she started to reflect on the idea that it might be a real possibility that she could in fact contribute to the cultural community by actually living in San Francisco as opposed to exhibiting and teaching here. She used to teach at Leadership High School as well as City Arts and Technology High School, both are public charter schools. She feels that she's been the beneficiary of the cultural community for many years. She would love to continue to contribute back. She's on her 30s and ready to live like an adult and not live like many artists in San Francisco do which means sharing a room in a cramp flat. She'd like the idea of being able to participate in this community as a professional and be honored that way. She asked the Commission to consider the Kenwood proposal.

Rick Dickerson, on behalf of the 1500 South Beach Marina Apartments and chair of Rincon Point South Beach CAC, commended the analysis and proposals by staff and the advisory committee. While the Commissioners need to analyze the impacts of the proposals, his concerns will center in maintaining the livability standards in the neighborhood and the effects that this project will have on them. There is a unique situation with the ballpark. We begun with approximately 6,000 parking spaces with the ballpark when it was first built and it dwindled down to 2200 spaces for this current season. It has been manageable. There are lot of street parking south of the Channel and Mission Bay which is disappearing as new developments are going on. There have been lots that have come up and office building which had helped from

keeping it from out of hand. We need these spaces. We can't continue to see it dwindle down. It does affect the livability of the neighborhood. There are thousands of people who call it home and who want their guests to visit who need to find parking also. One of his main concerns is to make sure that we do maintain enough spaces to serve the needs of the ballpark. Looking at the proposals, the Cordish and the Giants proposal provides that and what he considers more realistic. Open space – in the redevelopment area in the Mission Bay, there's a great deal of open space that is put in between the buildings. It provides nice walkways. They would like, from a day to day living standards, larger amounts of open space concentrated in one area. The 5-acres of a park at the north end would be a wonderful thing for the area to have. People can play soccer. People can come out and throw frisbees. People could play catch. You could have a lot of group events going on there. That is something that they don't have in the area and it will be well served in the area and something that is enliven. Once again, the Cordish proposal had that. As a result, he encouraged the Commission to support that proposal.

Jack Bair, SF Giants & SWL 337 Associates, thanked Port staff for all their hard work – Diane Oshima, Phil Williamson, Jonathan Stern, Larry Brown and the advisory panel represented by Ruth Gravanis today for all their efforts. They are pleased that Port staff and advisory panel both recognized the strength of their proposal and both have enthusiastically recommended their team to be finalists. They are also pleased that Port staff and the advisory panel found their open space plan to be the most compelling of the submissions. They found their team to be the strongest financially and found their team to be most responsive to the public trust doctrine. He complimented the Port specifically the Executive Director on convening an advisory panel to review the submissions and specifically the composition of the advisory panel. This sends a strong message that a decision should be made on the merits and undergo professional and rigorous analysis to determine what is real and what is not and that the decision would not be dictated by power politics where the neighborhood and public interest can sometimes be left behind. They know that this is just the first step in a 2-step process. The Port designed this process to create opportunities for the public to view and share their reactions, both positive and negative. They have been carefully listening and look forward to the opportunity to address concerns and further strengthen their proposal in the second round. Their goal is to create an inviting public destination for all of us, a place where our families can enjoy our spectacular waterfront, a dramatic new open space, a beautifully renovated historic pier, pedestrian only alleys and green streets, exciting recreational and cultural facilities and vibrant restaurants and retail establishments. They welcome the Port Commission's feedback and suggestions as they strive to achieve their goals and meet the important, public financial objectives of the Port.

Jennifer Clary, SF Tomorrow, thanked Port staff and the advisory panel. This is a great process and agreed with a lot of the recommendations. She also thinks that it's great that the Port does not have to select a favorite. She hopes that they all plagiarize each other and all the good stuff ends up and all the bad stuff is thrown out. The transportation element has to be fixed. With just provisional proposals, no one did a lot of work on that. She looks forward to seeing less parking, more transit. It's great that everyone had a pedestrian vision. She thinks that was a very strong part of most

of the components but how the pedestrians get there is not quite clear. She emphasized that open space is a big component. She's glad that the Port wants a minimum of 5 acres. She thinks that Isabel Wade was looking at that which resonated with a lot of them was 50% of the site should be open space. It maybe that the park will be 5 acres and maybe the neighborhood serving open space is the rest. We are looking at something significant given the history of the site and what they thought the site is going to be. They don't like the idea of high rises. She pointed out that of the proposals, while they got to see sky pictures of the proposals, they did not see what they are going to look like from the waterfront park looking back at Potrero Hill. Are people going to see Potrero Hill or Twin Peaks? Looking at the proposals, they didn't stop at just one high rise. Moving forward in the final proposal before we say high-rises are ok, we should think about what they will look like.

Joe Boss, Cherokee/Build, Inc., commended the Port Commission at the initial stage of this when there were co-chairs from this Commission working on getting this project moving forward in a completely different transparent, deep thinking and how we are going to deal with SWL 337. He hopes that it works as a model for this project as well as Pier 70 and other projects. He is part of the Cherokee team, looking forward to being allowed to move forward with the other two qualified teams. It's rare that we have such a great opportunity to do something that will produce not only revenue for the Port but also a world class project.

Skot Kuiper, represents the arts for the Western SOMA Citizens Planning Task Force, indicated that they are interested in some of the proposals that are coming forward with one of the last public resources and developments on the pier front. He strongly advocates for the Kenwood proposal. He can attest that they've lost a tremendous amount of the available, affordable work space and environments for the artist population that have helped give San Francisco its history and culture and definition. This is a rare opportunity that they might make a relatively permanent stand and still have the economic that makes sense for the Port. He hopes that the Port would consider Kenwood's proposal. It will create a grassroots sustainable community serving, artistic and cultural district which would serve our existing population as well as bring tourism and people come to this region for its services and environment that is created. San Franciscans do not need or want another Crate and Barrel or another Starbucks on the waterfront. This project will create resources that our population desperately needs. If the metrics are correct from Kenwood's proposal, this place will be rented out before the first stake is put on the ground. It will be completely full. There's that much demand. There are a lot of people that are in the process of believing. It would help create a relatively permanent, valuable cultural resource for our City.

Mark Gregory, Vice President of Soundsafe.org, supports the Boston Properties proposal for art space. He represents 1500 musicians that lost 100,000 square feet of rehearsal space in the dot com closure of 2000. There were 150 rehearsal spaces, 1500 musicians. When it was national news, Gavin Newsom pledged support and he gave them some money but when it died down, his support died down. Some of them are still around and they still need rehearsal space. They, as an organization, contribute to San Francisco's cultural fabric. They sponsor musician stages. They

sponsor outdoor festivals. They help neighborhood festivals put on musicians. They are trying to grow the music community. They bring night life, they bring tourists. They bring a great quality of life to San Francisco. There is still a need for music rehearsal space. Musicians need space to make their sound. That is something that is vastly needed in this community. He wants the Commission to consider the rich cultural musical legacy that San Francisco is known for when the Commission makes a decision.

Peter Cohen indicated that the Port Commission should advance all three of the proposals to the final round. Each of them has a central team. He is not as involved directly in Port projects as with land use issues elsewhere in the city. In his professional work, he is constantly working at the changes that are happening. He reminded us that the context for this property is that it is part of the southeast quadrant of the city where dramatic transformation is taking place, both along the waterfront as well as inland. The policy issues that frame that change and have been at the core of the debate around that change are very important to think about as the Port moves forward. There's public open space along the waterfront. Waterfront is beautiful and the Port's own objectives as an agency. There are even larger questions about workforce development, economic development. What happens to the changing southeast part of our city which has been historically the industrial core of the City and the workforce engine of the City and what kind of industrial sectors are going to come in to replace those that are leaving whether it's biotech or green tech or any other innovation businesses become the more generic term. He asked the Commission as they think about what public policy objectives any of these proposals are serving, beyond the public space and beyond revenue, etc. that we also think about the opportunity to create economic development for this whole sector of San Francisco. The economic strategy is going through hearings at the Board of Supervisors. This is a thick document with lots of data. It's applicable to some of the projects at the Port. He is a member of the group called Back Street Businesses Advisory Board. They look specifically at the light industrial sector and they have some recommendations. The Board of Supervisors a year ago went on record with a broad brush resolution about the kinds of policy objectives they would like to see development addressing as we move forward. They have to do with affordable housing, workforce development, public open space and transit. These are things that are helpful for the Port Commission, staff and advisory committees to use as reference points as they look at this particular project because we're all still in the four corners of San Francisco.

Darius Anderson, Boston/Wilson Meany Sullivan/Kenwood, commended staff. Having been through public bids in San Francisco especially at Treasure Island, the participation that the Port Commission has encouraged at the hearing was exquisite. It's pulling people out and creating debate. He hopes that as the Commission move forward, they will move three bidders forward because to have all three in the process would be better. They believe that no matter what the outcome is, and if they are selected, this should never be an anti-Giants activity. All of us love the San Francisco Giants. This is never been about that. If you look at their proposal, they encourage and support the Giants in what they need but there are other things in San Francisco and specifically this neighborhood needs. They hope that as the debate moves forward and the RFP is written, those issues are looked at. He thanked everyone for

being at the hearing and participating. The debate over art, even if it is not successful and the Giants prevail, they hope that the debate of public art in San Francisco will go forward because they believe, if you look at other great cities around the country, this is a viable decision from a public policy standpoint for the City of San Francisco to make and do what Chicago, Seattle and New York have also done. He hopes that the Port will do it here. If it can't be done here, he hopes that the Port will look at the rest of the wharf where there may be other opportunities for them to work.

Stephen Antonaros, architect, spoke in support of Cherokee and Build Inc. proposal and in general for the process as it goes forward. He hopes that the Commission forwards their name as part of the three developers. He echoed the previous speaker who believes as he does that having three, especially one who has generated so much discussion and debate as Cherokee did have them continue along with the other two can only improve the whole process. Cherokee and Build Inc. approach as they stated was very collaborative, wanting to be inclusive of community process which he is a strong advocate of. The project overall can only benefit from a high degree of community involvement. He suggested that the Commission could consider as some of its guidelines as part of the RFP identify what community process would be followed by each of the teams or to have each team specify how they intend to carry that process through. It might help differentiate the three schemes and themes.

Loring Sagan, Build Inc./Cherokee, thanked the Port staff and the advisory panel. The fact that there was so much discussion, it provoked good discussions amongst themselves, the teams, the neighborhood and the community to see something special because the underlying belief is that this is an extraordinary site. We have a lot of voices, talking a lot about different interest, perspectives. We have a union who had a problem with their contractor. They listen. They have demonstrated that what creates the best project in the end is a project which is truly collaborative and inclusive and could also be mistaken as not clear, not forceful and direct and able to manage a large project. That has to be in place and they do it very well. All three teams are bringing a positive, constructive, creative plan. He advocates the Giants team and the Kenwood team. They all have positive, constructive, creative elements to them. The process as a whole is great. They are thrilled to be part of it and look forward to moving forward.

Commissioner Hardeman thanked the artists and the labor workers because he works for the artists union and he represents the labor seat in this Commission. He looks at both of these things with a different eye than the rest of the Commissioners. It's upsetting to find out that within a stone's throw of the project, we have a problem with one of developers. It's also discouraging to hear that another developer has problems in another area of the country. He hopes that it is sorted out before the final vote comes down. He will take those issues seriously. He is sitting as a labor commissioner. He has to take the neighbors seriously, the neighbors who allowed us to build the ballpark. The neighbors that were so good, naturally, the whole city of San Francisco voted on Prop B. He does not think that the whole city voted to not have any parking. He agrees with the neighbors who represent a very significant number of people that there's not going to be enough parking no matter what we do. He does not see any proposal that gives us enough parking. When he gives his final

vote, he's going to make that maybe, besides the finances, one of the top things that will make his decision; helping the neighbors, helping the parking, keeping the Port viable, making sure the project works. The speakers promote public transit; he promotes public transit. We all want everybody out of the cars. We have to have parking on this project. There's no way we're going to hit enough parking but let's hope we can hit whatever it can sustain. When we had the fiasco of the live/work lofts, there were thousands of them built, the dot comers moved in them. 78% of the people never worked a day in their lofts. They have the tax exemptions and other things, such as no parking. That didn't work. It would be nice to see something on this project that incorporate artists. For him, that won't be his primary reason. He does not think it's the primary reason for the Port in this proposal. If it happens to work out, that would be great. He commended the advisory panel. He sat on a panel that approved the court house in McAllister and Polk Streets. He knows the process going through detailing out the proposals. The five panelists picked the project. As it turned out, there was 1% difference on who got the project. The contractor turned out nice. He thanked staff and the advisory panel for their hard work.

Commissioner Lazarus thanked the advisory panel and to have that input and that range of expertise and perspectives can only ultimately contribute a far better, more informed outcome. She knows it's a big sacrifice of time for all of them. To Ruth and to the members of the panel, the Commission appreciates the incredible role they played on this project. To Port staff, this project would not have gotten this far without their hard work and efforts. She looks forward to the next steps.

Commissioner Brandon thanked all of the development teams. They have submitted wonderful proposals. It's been very exciting and very motivating for Port staff. They have jumped in and done phenomenal work on the analysis and putting together the advisory panel and working with the panel to do such a wonderful job. They have made the Commission's job so much easier. They have spent a lot of time and energy. She is very thankful for all that Ruth and the advisory panel have done. Port staff has been great. We are on the fast track. This is an exciting opportunity. The Commission has heard a lot of comments and will take them into consideration.

B. Informational Presentation and Update regarding the Association of Bay Area Governments (ABAG) Bay Trail Grant to the San Francisco Redevelopment Agency and the Port of San Francisco for a community based planning process to study Pedestrian, Bicycle and Landscape Improvements to Cargo Way.

David Beaupre, Planning and Development, introduced Maureen Gaffney from ABAG, Catherine Riley from the Redevelopment Agency and Robin Chiang, members of the planning team for this project. Cargo Way has been identified by ABAG as the bay trail alignment within this part of the waterfront. Bay Trail is a 500 mile, 9 county trail network that is planned to encircle the San Francisco bay. Mayor Newsom 2006 Blue Greenway Task Force identified Cargo Way as an appropriate location for landscape, pedestrian and bicycle improvements. The redevelopment Agency, coordinating with the Port, applied for a grant to facilitate a community planning process to study improvements to Cargo Way and the agency was awarded $75,000 from ABAG. The Redevelopment Agency and the Port developed a program

that utilized a community based planning process. We established a community based working group which included members of SWAC, MCAC, members of the Bayview Hunters Point Project Area Committee (PAC), Open Space and Bicycle Advocates. We also established an interagency technical working group that included members of the Redevelopment Agency, the Port, the PUC, DPT, DPW, Planning and Supervisor Maxwell's office to provide technical oversight to the planning. The work program included the identification of planning goals, identification of existing conditions and opportunities and constraints. They reviewed those through the use of existing community based committees rather than forming a new committee and adding additional working group meetings to an overburdened community. We decided to use the SWAC, MCAC, the Bayview Hunters Point PAC and other Redevelopment Agency and other community sources as a way to get out the information. Based on the opportunities and the goals, we presented these to the community. We then developed alternative concepts; did a specific community working meeting to talk specifically about Cargo Way, to present the alternative concepts, took those concepts and are in the process of refining those to develop a preferred concept which we presented to the community.

Cargo Way is located in the southern waterfront, it's directly south of the Pier 90 to Pier 96 cargo terminal and backlands. It provides access to our Piers 90-96 terminals and also Heron's Head Park. Working with the community group, technical working group, and advisory groups, we identified planning goals. Those were to recognize Cargo Way, must be retained as a throughway for the Cargo Way transport. The existing capacity of Cargo Way for cargo traffic should not be impacted unless determined unacceptable. Landscape and pedestrian improvements are the priority improvements that we are looking at. Improvements for bicycle mobility were important. Any new design should include sustainable practices. Some of the current constraints identified include the inherent conflict between Cargo freight movements and pedestrians and bicyclists. The proximity to the Port freight rail yard which created some pinch points in the design for pedestrian bicycle improvements. Some jurisdiction overlaps. Cargo Way is located on Port property but part of the India Basin industrial park redevelopment area. It was improved by the DPW and was supposed to be accepted as a City street through an MOU with the DPW in the 1970s but has never been accepted as a city street; therefore, maintenance of the facility is unclear and not well defined. That could be witnessed through the existing condition photographs. Some of the opportunities included the excessive right of way, the landscape setback along the India Basin industrial park that provides for some landscape and pedestrian improvements ability that connect the Islais Creek open space system with the India Basin open space system including Heron's Head Park and the opportunity for sustainable design and the opportunity to create an improved gateway into the bayview community.

The three alternatives were refined to develop the preferred plan. Each of the concepts has some things in common including the maximum use of the existing infrastructure where feasible, so reuse all the utilities, curbs, gutters where practical. Eliminate on street parking. On street parking is only allowed on the east bound lanes, the southern lanes. They are restricted between the hours of midnight and 6 a.m. at the request of the community because of the homelessness issue. Parking on either

side of the street is currently not utilized at all. He's never witnessed any parking along Cargo Way. Enhance the landscaping, install pedestrian lighting, introduce public art and local history components, allow for phasing of improvements. The concepts were based upon the feasibility and cost of improvements.

Alternative A shows the most affordable which was a plan that the Commission approved in 2006 as part of the bicycle improvements. It eliminates parking and installs bicycle lanes with no other improvements with the exception of pedestrian lighting. While this is the most affordable, it was not well received by the community because of the actual on-street bicycle lanes and the inherent conflict between the industrial freight traffic and bicyclists.

Alternative B which was a reasonably affordable option shows a separated bicycle path that was desirable by the community i.e. take bicycles off Cargo Way and create a multi-use by directional bicycle pathway and the south bound part of the street that allows two-way bicycle access. Expand sidewalks on both sides of the street. It takes bicycles off the roadway and reduces the conflict of freight movements both by trains and trucks, turning onto the Port terminals. This concept reuses a lot of the infrastructure including the existing median and utilities in the street and takes advantage of the India Basin Industrial park landscape setbacks.

Alternative C was the most expensive – tear up the entire street and create a new Cargo Way, eliminate the median and create a bidirectional bike path on the east bound lanes, increase sidewalk, increase landscaping and swales for alternative storm water management between the street and the pathways. There are elements of this plan that were well received by the community including the use of landscape areas between the actual vehicle movements and the pathways. A buffer between the vehicle traffic and the multi use bidirectional bikeway in the sidewalk was well received by the community. That area could also be used for storm water management from both the roadway and the pathway to limit impacts of the southeast treatment facility. This was the most expensive alternative and seemed to be cost prohibitive but there were elements from this that were moved forward into the draft preferred concept. Based on the concept B of creating a multi use path on the east bound lanes, south side of the street, creating landscape buffers between the vehicular traffic and the pedestrian ways, this is accomplished by reducing the size of the median and roadway but would allow to continue to use the existing lighting, storm sewer infrastructure that is in the street and would allow to expand the sidewalk and the west bound lanes. In addition, this concept includes the introduction of public art that could include local history and history about the Port's operations, opportunities for sustainable design. They also looked at, as part of this design, how to phase the improvements based on when the funding comes in. You can phase the south side or the east bound lanes in the initial phase which would impact the median and the east bound lanes as a Phase 1 approach. As additional funding becomes available, Phase 2 will follow. Phase 1 would allow multi use bidirectional path bicycle and sidewalk improvements along with some of the sustainable issues. The cost estimate for this project is $8 million. There was a concern at the last workshop by the Carpenters' Union about the loss of parking along Cargo Way. They recently purchased the parcel on the corner of Third Street and Cargo Way. In their due diligence, thought that

parking along Cargo Way might be an amenity for their operations. Since then we have met with them and showed them that within a quarter mile of their facility, without Cargo Way, there's an excess of 300 parking spaces on the street. In working with them, we looked at an option that would allow parking on the west bound lanes, on the north side of the street that could accommodate their needs for some parking if it's determined necessary and still meets the goals of the project by allowing pedestrian and landscape improvements. We are working back through the community planning process to identify the final preferred plan.

Commissioner Hardeman indicated that he almost bought the building with the Carpenters Union but decided not to. They were very upset with him. They bought the property and they are starting to build. Nobody ever parked there. They thought that was going to be all their parking and found out the bad news. Mr. Beaupre indicated that we would be able to accommodate them either on Cargo Way or they could be accommodated as part of all the existing parking that's out there today. Since that is within the India Basin's industrial park, there are parking requirements as part of that development, like the rest of the owners of those properties, to have adequate onsite parking for their facility. In their unique situation, where once a month, they have a need for hundreds of parking spaces, there's adequate parking within a quarter mile walking distance other than Cargo Way that should be able to accommodate their needs.

Corinne Woods, Blue Green Way, indicated that this is a very good process. They had an initial bike ride all the way up Cargo Way where they saw there's no sidewalk and you can't get by through the bumps and potholes. They had two long and extremely well attended community meetings. The design team kept coming back with new ideas as a result of the feedback. The most impressive to her was the fact that when the carpenters came in at the last meeting and said think o f us, they accommodated them. They could do parking. If the stadium ends up at Hunter's Point, it would also provide an extra driving lane for people coming north out of the stadium after the game. The interesting thing was the collaborative process between the Port and the Redevelopment Agency which she thinks is a tremendous new model. Port staff, Redevelopment staff and consultants worked on this. We have a good project. All we need to do now is find the money for it.

Commissioner Brandon asked where we are going to find money for this project. Mr. Beaupre replied that in the Port's last Capital Plan, we've identified some funding for Cargo Way. It won't fund all of it but it's a good initial start to help match and get other funds. There's transportation for livable community grants that are coming up to the City and they've increased the amounts for capital projects up to a couple million of dollars. We are hoping we can use some of the Port's capital funds from the increment from SWL 337 to leverage improvements to go towards Cargo Way and possibly work with the City on potential Prop K Bicycle funding.

Commissioner Brandon asked if Redevelopment Agency can help the Port in anyway. Mr. Beaupre replied that the redevelopment area expires at the end of this year. Catherine Reilly indicated that this area is expiring and there are some limitations to being able to transfer funds between the different areas. Bayview Hunter's Point is a

bunch of different project areas but have different financial constraints for transferring.

Maureen Gaffney, ABAG, indicated that there is another grant program in 2009 and the timing is good since this study will be wrapped up. They like to fund construction of projects that they've helped fund the feasibility studies for. While they don't have anything along the lines of $9 million, they could provide some assistance with construction of the project and they look forward to doing that. This has been a great effort and they are pleased with the feasibility study so far.

Commissioner Brandon indicated that we've worked so hard with the Redevelopment Agency and the community groups, she asked how we can work with another agency to put together an $8 million project but not have any funding to make it happen. Mr. Beaupre replied that one of the constraints he identified in this project was the issue of multi-jurisdictional overlap of the property. The Port had applied for transportation for livable communities grant in 2003. At that point in time, staff had the capacity to look at this. ABAG approached both the Port and the Redevelopment Agency on applying for this grant. Since the agency had jurisdiction and MOU with the Port and seemed to have more Port staff capacity at that point in time, we thought that if they wanted to initiate the process and coordinate the outreach process and go to the planning effort that would be a benefit to them. At that point in time, we didn't know whether it was a project that the community would be supportive or not, whether there would be a design that came out of it that's still allowed for access and capacity to the Port projects. We felt that we should take advantage of the grant monies that were available, go through a community planning process and see what we end up with and see if we can work with DPW and other city agencies to find the resources and funding to do the improvements. Now that we are at a point where we have developed a plan that seems to have the acceptance of the community such as the bayview community and the Port tenants involved in it that we can work together as a city family and try to find the resources to implement it.

Commissioner Brandon commented that it's a great project and hope that we can move it forward.

Ms. Moyer indicated that the Highway Transportation funds are expiring September 2009.

10. MARITIME

A. Request approval of a Memorandum of Understanding No. M-14538 between the San Francisco Port Commission and San Francisco Airport Commission to exchange advertising support services and space for business promotion. (Resolution No. 08-21)

Gerry Roybal, Maritime, requested Commission's approval of proposed joint marketing program and authorize Executive Director to execute a proposed MOU between the Port and the Airport. Mr. Roybal indicated that he was reminded by the Port's Legal Counsel that the MOU was reviewed by the City Attorney as opposed to

being approved as to form by the City Attorney. He introduced Jane Sullivan, the marketing manager for the San Francisco International Airport. Port of San Francisco is in a very unique position. Not only are we a traditional port offering services for cargo and passengers and we're a vibrant port, we're also an infamous destination point and a renowned destination port; one among a handful similar ports throughout North America. Citing source data from other agencies and experts, we calculated that over 35 million visitors visit the Port each year for specific purpose; approximately 19 million visit Alcatraz, Fisherman's Wharf; approximately 2.2 million spectators go to the games at AT&T Park; 2.2 million ferry passengers and 7.3 million passengers for the Muni F-Line each year. Those are a lot of people taking a lot of visual stimulus and the value of these impressions has a great commercial value among advertisers and people who are trying to project images and messages. Similarly, San Francisco International Airport handles over 34 million passengers each year. About 8.8 million are international and the remaining 25.2 are domestic travelers. There are a lot of similarities the way they operate their marketing and the way we look to operate ours. Under the direction of the Executive Director in September 2007, the Port hosted a joint marketing meeting between the SF Convention Visitors Bureau and SFO Marketing Staff and Port marketing staff and executive staff. The purpose of the meeting was to learn from each other's experiences to figure how to collaborate and utilize each other's resources and better utilize branding image for all three agencies and going forward our marketing messages to the public. One of the programs that quickly rose to the top level of interest was a program that Jane Sullivan started ten years ago. The airport, although they concession out much of their area for advertising to professional concessionaires and outdoor sign company, they identified about 156 locations throughout the three airport terminals that were underutilized and were not concession out. They decided they would try a program where they would take a measure of value for the advertising and barter that value with another sister agency so there would be no exchange of cash but only a fair trade of market value. The result was an MOU for advertising sharing space between the Airport and MTA. Listening to that experience, Port staff appraised our property and identified significant number of advertising promotion possibilities along Embarcadero such as banners. Inside the passenger cruise terminal, there's a lot of traffic and also at the ferry terminals, where 3.2 million passengers transit through our ferry terminals each year. Specifically, the Embarcadero banner program, there are 341 light standards standing from Third and King street on the south all the way to Hyde and Jefferson Street on the north end of Fisherman's Wharf. That represents about 682 banners, 24,000 square feet of advertising space. More importantly, we measured that there are at least 30 million impressions that happen along that corridor every year. Inside the cruise terminal, we identified another 50 light standards where we banners could be easily hang without interfering with the internal traffic. It represents about 4,000 square feet of advertising space of which each year, there are about 275,000 individuals who pass through the cruise terminal, a combination of passengers, labor and general public and crew. If we enter into this MOU, we would be trading between the airport and seaport, equal commercial value based on evaluation basis that we've agreed to which is a cost per square foot per day. The measuring stick for this was CBS Outdoor advertising's commercial rates. It's the Muni Metro transportation rates for their bus signs and moving busses. It's also the rates that SFO charges for their commercial space. Based

on evaluation system, we came down with a common denominator which is a cost per square foot per day. If we were to trade under the terms of the MOU, one the benefits immediately the Port could get is that every square footage of space and time that we allow SFO to place one of their messages, we could similarly place one of our messages inside one of their three terminals. He showed a picture of a sample of a banner. It's an example where the Port would be promoting one of its customers. It's in our best of interest that our tenant's success continues. Not only are we promoting SFO and the Port connecting with the Fly In, Fly Out message, we are also promoting Princess Cruises. The way the MOU is designed is that we are going to utilize a small percentage of the entire space that is available on Port properties, which is less than 2 percent of the total percentage over time for a period of a year. We are going to phase in concepts. The first concept is to utilize this space for only sending out messages to jointly promote both agencies or singularly promote one agency or the other. We could share messages on Embarcadero light standards and getting that message across that SFO is a great linking to SF seaport or SFO can similarly put their own message up on Embarcadero and we could put up our own message inside their terminals. The Olympic Athlete banner is an example of the fabrication that SFO produced at the request of the Port with a promise that the MOU is agreed to, then we would exchange space on our property to pay for the production of these banners which cost about $15,000. That's an example of in-kind services that we could get from SFO for their use of advertising space on our property. The next sign shows what that same sign could look like if we did joint messaging. It's a generic message. It's not brand identified. It's something that every visitor, be it international or local, would clearly see the message while walking along the Embarcadero that this is a cruise port. We could also run them inside the cruise terminals where the passengers congregate. Maybe those passengers who are coming in an all around the world cruise don't realize we do Alaska and Mexico cruises. We could also dress up our cruise terminal by selling or offering space for advertising for things that are otherwise blighted or not painted perfectly. It would be a great way to add some color and good information and messaging inside our cruise terminal and spruce the place up. The total value of the MOU, SFO has determined that they could allocate up to $365,000 each year in in-kind advertising space and/or design work or production in exchange for $365,000 worth of advertising on Port property. $365,000 calculates out to about 2.25 times the total promotions budget for the entire Maritime division. This would allow all marketing around the Port to not only continue marketing the way we are but it would allow to promote the Port message to the public. It would allow us to promote our tenant's message – those we're tied to percentage rents and to our Port customers such as Princess Cruises, etc. that we benefit from for more aggressive use of our facilities.

Jane Sullivan indicated that this has been a great program for the airport. They use it extensively in marketing to new airlines. The marketing component in luring new tenants in is becoming increasingly more important. They have a very successful partnership with MTA for a couple of years, BART, Sam Trans and the SF Convention and Visitors Bureau. On behalf of the Airport Director, they are delighted that they've reached this point with the Port. This is just the beginning of hopefully both our relationship expanding. SFO is the front door to the bay area. The Port is the

waterfront door of the bay area. They are looking forward to helping develop that and increasing the Port revenues.

Commissioner Brandon thanked Ms. Sullivan for working along with Gerry Roybal and Port staff to come up with this program. This is a great program for the Port.

Gerry Roybal indicated that we are talking about less than 2 percent of the total amount of advertising spaces available. The Port will have plenty of opportunities for public service announcements and other things and we can expand to other opportunities such as BART, Golden Gate and AC Transit.

Commissioner Lazarus asked how the Port will decide to promote Princess versus another company. Mr. Roybal talked about revenue sharing but we clearly don't want to alienate certain customers. Is there going to be some process for designing that? Ms. Moyer replied that the Waterfront Land Use has specifications against advertising on Port property for specific entities. First and foremost, we are going to think about how we finesse that along the lines of things to promote our business. It's a little different from what the Airport has been able to do with their carriers. Mr. Roybal added that the MOU is designed that ultimately the Executive Director in each respective area has the control over the content and the use of the facilities. We are looking at this as a phase process. We are not going to populate everything right away. We are going to ramp it up and see how successful it is. If it works for us and other agencies, hopefully it will expand and grow in its own course. Ms. Moyer indicated that the perfect example might be: The Port of San Francisco welcomes the Queen Mary 2. Rumor has it that one of the Queens might be back in 2009. It's going to be a little tricky and we don't actually know for certain. It's our first step and first try.

Commissioner Fong congratulated and thanked Jane Sullivan. They had a conversation conceptually about this program for two years in Santa Monica and it's now finally here. Ms. Moyer added that the Convention and Visitors Bureau was also part of the retreat. Gerry Roybal has been working with them for years on cross marketing but we're stepping that up as well.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-21 was adopted.

11. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that the informational presentation on Taylor Street will be delayed. Today, we had an hour and 5 minutes of public comments. We have a lot of items at the next meeting. We will have to figure out how to do that. The peaker plant seems to be back on and might be presented to the Commission at the May 13, 2008 meeting.

12. PUBLIC COMMENT

13. COMMUNICATIONS

14. ADJOURNMENT

Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 6:24 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
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AGENDA
TUESDAY, APRIL 22, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - April 8, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

         a. Property: SWL 352 at Amador Street
         Person Negotiating: Port: Brad Benson, Special Projects Manager
         *Raisch Products, Inc.: Doug Raisch
         *SF Recycling & Disposal: Maurice Quillen

         Under Negotiation: _____ Price _____Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 352 at Amador Street.

b. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 15-17.

c. Property: Piers 27-31 and Piers 30-32
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Richard Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31 and Piers 30-32.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report
- Earth Day – April 22, 2008
- 150th Anniversary of Black Exodus from San Francisco to Victoria, British Columbia – April 22, 2008 at 10 a.m. at Hyde Street Pier

- Green Trust SF Clean-Up of Aqua Vista Park - April 26, 2008 from 9 a.m. to 12 noon
- KFOG KaBoom - May 10, 2008 at Pier 30/32
- San Francisco Women of Achievement Dinner – Anne Halsted, Honoree, May 13, 2008 at 6 p.m., Golden Gate Club
- Port Budget Hearings at the Board of Supervisors – May 21 and May 28, 2008 at 11 a.m., City Hall, Room 250

B. Informational Presentation regarding the Transportation Worker Identification Credential (TWIC) Enrollment Process beginning May 2008.

8. MARITIME

A. Informational presentation on proposed closure of commercial salmon season, possible impacts to the San Francisco fishing industry and options for Port assistance.

B. Request authorization to execute an agreement with Princess Cruise Lines, Ltd. and/or Cochran, Inc., their agent, to install shoreside power equipment at Piers 27 and 29 in an amount not to exceed $1,700,000 from the Port and the San Francisco Public Utilities Commission, and an additional $1,900,000 to be obtained by Princess Cruise Lines, Ltd. from the Bay Area Air Quality Management District, subject to approval of the Board of Supervisors; and authorization to request an ordinance from the Board of Supervisors exempting such agreement from the contracting requirements of the Administrative Code and Environment Code. (Resolution No. 08-24)

9. PLANNING & DEVELOPMENT

A. Request approval of recommendation of Development Teams to Invite to Respond to the Request for Proposals (RFP) for Seawall Lot (SWL) 337, a 16-acre site bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard. (Resolution No. 08-25)

Request authorization for Issuance of an RFP for SWL 337, a 16-acre site bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, including Revised Objectives and Criteria. (Resolution No. 08-26)

B. Informational briefing on the status of Pier 70 environmental investigations, funding from the Department of Defense Office of Economic Adjustment, and proposed future "brownfields" site investigation and cleanup.

10. ENGINEERING

A. Informational presentation on the Contracting Activity Quarterly Report for Fiscal Year 2007/08;Third Quarter Period January 1, 2008 through March 31, 2008.

11. REAL ESTATE

A. Request approval of a Memorandum of Understanding No. M-14510 for a term of 36 months with the San Francisco Office of the Chief Medical Examiner for the Rental of approximately 75,000 square feet of property (potentially at Pier 70 or Pier 96) as available and when needed for an Alternate Operations Center. (Resolution No. 08-22)

12. FINANCE & ADMINISTRATION

A. Request authorization to issue a Request for Proposal (RFP) for grant to a 501c3 non-profit organization for a Youth Employment Program to help maintain the Port's property (Resolution No. 08-23)

13. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation of the design for the Taylor Street Roadway Improvement Project (May 13, 2008)
  - Informational update on the San Francisco Stormwater Design Guidelines (May 13, 2008)
  - Informational presentation regarding the proposed Memorandum of Understanding M-14534 between the Port and the San Francisco Public Utilities Commission for the installation of a solar power on the Pier 96 Lighter Freight Facility (May 13, 2008)
  - Informational presentation regarding the proposed lease with Solar City at the Pier 96 Maintenance and Repair Building (May 13, 2008)
  - Informational presentation regarding the proposed Memorandum of Understanding between the Port and the San Francisco Public Utilities Commission to purchase solar equipment at the Pier 96 Maintenance and Repair Building (May 13, 2008)
  - Informational presentation regarding the floodplain management restrictions associated with National Flood Insurance Program (May 13, 2008)
  - Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Operation at Pier 94 (May 13, 2008)
  - Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for jurisdictional transfer of 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets) from the Port to the PUC; Approval of MOU with the PUC for underground utilities and Approval of License with Industrial Construction Company, Inc. for construction laydown space at Seawall Lot 356 for parameter rent (May 13, 2008)
  - Request authorization to amend the Port's Contract with the San Francisco Conservation Corps (SFCC) to increase the not-to-exceed amount by $50,000 and to extend the expiration date by three months to September 30, 2008 (May 13, 2008)

- Request authorization to execute a contract modification with D.F.P.F. Corporation dba Fine Line Construction for the Pier 35 Improvement Project (May 13, 2008)
- Request authorization to advertise for Invitation for Proposals for the Demolition and Disposal of Port's Drydock No. 1 (May 13, 2008)
- Request authorization to issue Request for Proposals for Environmental Investigation at Pier 70 (May 13, 2008)
- Request authorization to apply for, accept and expend $2.28 million from the U.S. Department of Commerce and Economic Development Administration for environmental investigation at Pier 70 (May 13, 2008)
- Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (May 13, 2008)
- Request authorization to advertise for competitive bid the construction of the Pier 45 Drainage Improvement Project (May 13, 2008)
- Request approval of a Memorandum of Understanding between the Port of San Francisco and the City Department of Real Estate for the use of Pier 48, Shed A, with a waiver of all fees for a one-time Project Homeless Connect event on June 6, 2008 (May 13, 2008)
- Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street) (May 27, 2008)
- Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 27, 2008)
- Request approval of the design for the Taylor Street Roadway Improvement Project (May 27, 2008)
- Request approval of a Memorandum of Understanding M-14534 between the Port and the San Francisco Public Utilities Commission for the installation of a solar power on the Pier 96 Lighter Freight Facility (May 27, 2008)
- Request approval of lease with Solar City at the Pier 96 Maintenance and Repair Building (May 27, 2008)
- Request approval to enter into a Memorandum of Understanding between the Port and the San Francisco Public Utilities Commission to purchase solar equipment at the Pier 96 Maintenance and Repair Building (May 27, 2008)
- Request approval of floodplain management restrictions associated with National Flood Insurance Program (May 27, 2008)
- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (May 27, 2008)
- Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 10, 2008)
- Update on Port response to Controller's Audit of Port's Purchasing and Inventory Systems (September 2008)
- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)

- Request approval of Second Amendment to Lease No. L-12938 between the Port and Pacific Marine Yacht Charters for premises located at Pier 9 (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request approval of an amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

14. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

15. COMMUNICATIONS

Communications to the Port Commission from April 4, 2008 to April 17, 2008:

- From G.F.Hayes, regarding San Francisco Giants proposal for the Seawall Lot 337 development project
- From Toby Levine, co-chair of the Central Waterfront Advisory Group, regarding SWL 337 Development Concepts
- From Port staff, regarding First Amendment of MOU No. M-14396 with the Municipal Transportation Agency
- From The Exploratorium, invitation to the Exploratorium's 31st Annual Awards Dinner on May 14, 2008
- From Build Inc., regarding SWL 337 development project
- From Eric Nath, regarding SWL 351

16. ADJOURNMENT

MAY/JUNE 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
May 13	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
June 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

April 15, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation regarding the Transportation Worker Identification Credential (TWIC) Enrollment Process beginning May 2008

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY

The Transportation Worker Identification Credential (TWIC) program is a Transportation Security Administration (TSA) and U.S. Coast Guard (USCG) initiative designed to enhance port security by requiring all maritime workers, truckers, and USCG Credentialed Merchant Mariners who require unescorted access to secure areas of port facilities and vessels regulated under the Maritime Transportation Security Act (MTSA) to successfully complete a security threat assessment and carry a biometric credential.

In late January 2007, the Department of Homeland Security awarded a contract to Lockheed Martin for the purpose of establishing enrollment centers throughout the country, in close proximity of port facilities, where applicants will sit for a digital photograph and provide biographic information and fingerprints used to complete a security threat assessment and produce the biometric credential. The threat assessment, conducted by the TSA, includes a check of criminal history, immigration, and intelligence databases. Once a worker successfully completes the threat assessment process, they will return to the enrollment center to receive and activate their TWIC. Each TWIC costs $132.50, and will be valid for 5 years. Enrollment and card issuance began in October 2007, and will take place throughout the nation over an 18-month period. TSA estimates that 1,000,000 individuals will require TWIC.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

While TWIC may be implemented across other transportation modes in the future, the TWIC Final Rule published in the Federal Register on January 25, 2007, sets forth regulatory requirements to implement this program in the maritime mode first. The program's goals are:

- Positively identify authorized individuals who require unescorted access to secure areas of the nation's maritime transportation system;
- Determine the eligibility of an individual to be authorized unescorted access to secure areas of the maritime transportation system;
- Enhance security by ensuring that unauthorized individuals are denied unescorted access to secure areas of the nation's maritime transportations system; and
- Identify individuals who fail to maintain their eligibility qualifications after being permitted unescorted access to secure areas of the nation's maritime transportation system and revoke the individual's permissions.

Enrollment at the Port of San Francisco is scheduled to begin during the week of May 12, 2008. As of April 15, 2008, TSA and their contractor, Lockheed Martin, had not released the location of the San Francisco enrollment center. Enrollment began in the Port of Oakland in November 2007 and in the Port of Richmond in February 2008. No later than September 25, 2008, all mariners and workers requiring unescorted access to secure areas will require a TWIC.

Operations impacted by this program include the Port's cruise facilities, bulk and break-bulk, and ferry terminals. TSA and Lockheed Martin representatives have conducted outreach with our tenants, local unions, and the Teamsters. Port staff estimates that approximately 125 Port of San Francisco employees will require TWIC. Impacted employees are mainly from the Maritime, Maintenance, Engineering, and Real Estate divisions.

Prepared by: Sidonie Sansom
Homeland Security Director

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Closure of Salmon Season

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

Background

The Pacific Fishery Management Council voted on April 10, 2008, to ban all commercial and sport chinook salmon fishing off the California and Oregon coasts this year. This is the first time the salmon fishery has ever been closed since commercial salmon fishing began on San Francisco Bay in 1848.

The reason for this decision was the dramatic decline in the number of wild salmon returning to the Sacramento River, whose fall-run chinook account for approximately 90 percent of California's salmon production and more than 50 percent of the salmon harvested off the shores of Oregon and Washington. According to California Fish and Game statistics, 2.7 million pounds of salmon were landed locally in 2004; this number dropped to 1.6 million pounds in 2005, and just 209,000 pounds in 2006, a mere eight percent of the 2004 total. The official figure for the 2007 season is not yet available.

Possible reasons for the startling downturn in the number of chinook salmon include a sudden lack of nutrient-rich deep ocean upwellings caused by ocean temperature changes, agricultural pollution, water diversions from the delta, and damaged habitat.

The West Coast commercial salmon fishing fleet, which numbered 4,000 boats two decades ago, has been reduced to 400 boats, a 90 percent decrease. As a result of the fishery closure, California is projected to lose more than 2,200 jobs and approximately $225 million. Commercial fishermen could lose 70 to 80 percent of their annual incomes.

This Print Covers Calendar Item No. 8A

In addition, the closure puts at risk the basic infrastructure necessary to support the fishing industry – ice-production stations, fuel docks, fish buyers and processors, marine supply chandlers, boat yards, etc. The price for salmon at restaurants could increase to about $40 a portion, which is double the going rate for this popular menu item. Pier 45 in Fisherman's Wharf is the center of commercial fishing and fish processing in Northern California.

Governor Arnold Schwarzenegger declared a state of emergency hours after the April 10, 2008 vote and authorized state agencies to offer grants and loans to fishermen and affected business, refunding up to $2.7 million in fishing permit fees. He also sent a letter to President George W. Bush seeking federal disaster assistance.

This closure comes on the heals of two consecutive years of dismal salmon fishing, dismal herring fishing and the shortening of the 2007-08 crab season caused by the Cosco Busan accident and bunker oil spill.

Pacific Coast Federation of Fisherman's Associations

The Pacific Coast Federation of Fishermen's Associations (PCFFA) is the largest trade association of commercial fishermen on the West Coast. For 30 years this organization has worked to insure the rights of individual fishermen and sustain commercial fishing as a productive livelihood and way of life. Attached to this report, as Exhibit A, is the 10-point action plan recommended by the PCFFA to address the problems of the closure of the salmon season.

Port of San Francisco

There are approximately 120 commercial fishing boats homeported at Fisherman's Wharf and Hyde Street Harbor, which bring the Port approximately $150,000 per year in berthing fees. Of these vessels, about 60 are active salmon fishing boats. The main fishing seasons in California are salmon (April to fall), crab (November to spring), and herring (December to February). The amounts landed at San Francisco and other Bay Area harbors in 2006 were 209,000 pounds of salmon, as stated above (valued at $1.1 million), 3.8 million pounds of crab (valued at $7.6 million), and 1.5 million pounds of herring (valued at $400,000).

Port staff is meeting with members of the San Francisco fishing industry to discuss possible local responses to the economic calamity that this closure will have on the City. We will review a possible short-term "Berthing Assistance Program" to defer or subsidize port berthing fees for salmon fishermen in the event that emergency assistance and/or loans are not implemented by the State. The Port will also explore the possibility of training fishing boat operators in responding to emergency clean-up situations, a service that two dozen fishing boats provided in the wake of the Cosco Busan oil spill in November 2007. In addition, the Port will encourage state and federal agencies to expedite grants and loans to help sustain the boat operators until they are able to resume fishing salmon.

Port staff will return to the Port Commission in the near future to present our specific recommendations for your consideration and action.

Prepared by: Michael Nerney, Maritime Marketing Manager

For: Peter Dailey, Deputy Director Maritime

Pacific Coast Federation of Fishermen's Associations
P.O. Box 29370
San Francisco, CA 94129-0370
(415) 561-5080
www.pcffa.org

Salmon Closure 2008 – NEVER AGAIN

Saving Fishing Communities – Bringing Back the Salmon

10 Actions You Need to Take Now!

1. Contact U.S. Commerce Secretary Carlos Gutierrez, 1401 Constitution Avenue, Washington, DC 20230, requesting an immediate declaration of a Fishery Failure for the West Coast salmon fishery.

2. Contact your U.S. Senators and U.S. Representative requesting a Congressional Appropriation to provide direct federal disaster relief for salmon fishing families and communities and, further requesting Congressional oversight hearings on Pacific salmon management and the stock collapse.

3. Contact and attend meetings of the California State Water Resources Control Board (State Board), 1000 I Street, Rm. 1629 Sacramento, CA 95814 (http://www.swrcb.ca.gov/) demanding a halt to pumping at the State (SWP) and Federal (CVP) Delta facilities when any salmon are present.

4. Contact and attend meetings of the State Board demanding the adoption, implementation and enforcement of freshwater flows into and through the Delta to San Francisco Bay necessary for the ecological functioning of this estuary and the protection and restoration of Central Valley salmon populations.

5. Contact and attend meetings of the State Board demanding an end to the discharge of toxic fish killing water into the Delta and its tributaries. This means an immediate end to waste water discharge waivers that circumvent 20 year-old Delta water quality standards. Dischargers have had 20 years to come into compliance; it's now time for them to stop killing fish and comply!

6. Contact and attend meetings of California's Delta Vision Blue Ribbon Task Force, c/o CALFED Bay-Delta Program, 650 Capitol Mall, Fifth Floor, Sacramento, CA 95814 (http://deltavision.ca.gov/) to oppose any peripheral canal and any further diversion of water from the Sacramento-San Joaquin Delta watershed; demand the Delta be made salmon-friendly again.

7. Contact the Director of California Fish & Game, and the Fish & Game Commission, 1416 Ninth Street, Sacramento, CA 95814, demanding all state salmon hatcheries be operated at full capacity to fully mitigate losses from dams and water projects and call further for the trucking of hatchery fish around the Delta for release into acclimation pens in San Francisco Bay – at least until such time as the pumping, flow and wastewater discharge issues in the Delta are resolved.

8. Contact Governor Arnold Schwarzenegger and Members of the California Legislature, State Capitol, Sacramento, CA 95814, demanding the State's policy for doubling natural spawning salmon populations be met.

9. Contact U.S. Interior Secretary Dirk Kempthorne, 1849 C Street, NW, Washington, DC 20240, demanding Federal policy (under the Central Valley Project Improvement Act) for doubling Central Valley natural spawning populations of anadromous fish (e.g., salmon) be met.

10. Contact the Pacific and North Pacific Fishery Management Councils demanding an end to salmon bycatch in Pacific Whiting, Pollock and other fisheries.

For more information on what you can do, contact the Pacific Coast Federation of Fishermen's Associations, P.O. Box 29370, San Francisco, CA 94129-0370, Tel: (415) 561-5080, www.pcffa.org.

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to execute an agreement with Princess Cruise Lines, Ltd. and/or Cochran, Inc., their agent, to install shoreside power equipment at Piers 27 and 29 in an amount not to exceed $1,700,000 from the Port and the San Francisco Public Utilities Commission, and an additional $1,900,000 to be obtained by Princess Cruise Lines, Ltd. from the Bay Area Air Quality Management District, subject to approval of the Board of Supervisors; and authorization to request an ordinance from the Board of Supervisors exempting such agreement from the contracting requirements of the Administrative Code and Environment Code.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

On September 27, 2005, the Port of San Francisco's Cruise Terminal Environmental Advisory Committee recommended that shoreside power be adopted for any future cruise terminal development at the Port. Following that recommendation, Port staff explored a number of options for funding shoreside power, ultimately finding success with the Bay Area Air Quality Management District's ("BAAQMD") Carl Moyer Program. Given the environmental benefits and the availability of such funding, Port staff determined to install shoreside power at the Port's existing cruise terminal. The Port, with Princess Cruise Lines, Ltd. ("Princess") as co-applicant, submitted a Carl Moyer proposal to BAAQMD on December 22, 2006. The grant proposal was approved by the BAAQMD Board on April 4, 2007.

Port staff initially anticipated that shoreside power would be installed at the Pier 35 cruise terminal, but feasibility studies indicated that for physical and operational reasons, Pier 35 would not work. The proposed location was then moved to the Port's cruise terminal at Pier 27.

This Print Covers Calendar Item No. 8B

The project will consist of the purchase and installation of the infrastructure listed below to provide a dual voltage, 6.6 kV/11 kV system with a design capacity of at least 12.5 MW, similar in design to Princess' newest two shoreside power facilities in Seattle, Washington. Princess has also designed and built a shoreside power facility in Juneau, Alaska. To date, there are no other shoreside power facilities for cruise ships in the U.S.

Carl Moyer funding will be applied to the purchase of equipment and construction of the on-pier section of the project. The cost of Port staff time required for the project, including permitting and design review, will be borne solely by the Port. Princess will provide the services of its consultant, Cochran, Inc., to adopt the Seattle design to Pier 27. Cochran, Inc. designed and managed construction of Princess' two shoreside power systems in Seattle.

Previous Port Commission Action Regarding Grant Funding

On December 6, 2007, the Port Commission approved Item 10c, *Request authorization to enter into a grant agreement with the Bay Area Air Quality Management District, as a co-applicant with Princess Cruises, for $1,900,000 in grant funding for construction of shoreside power at Pier 27.* Under this authorization, the Port, Princess, and BAAQMD agreed on a Grant Agreement under which Princess would be reimbursed for $1.9 million in shoreside power project costs.

Project Progress to Date

After reviewing Carl Moyer Program funding guidance documents, Port staff limited the amount of grant funding requested to $1.9 million, in order to ensure that the program's cost/benefit criteria would be met by the project. The full grant request of $1.9 million was subsequently awarded to the Port and Princess by BAAQMD.

The grant application envisioned the installation of a system at Pier 35; this system was designed to have a single connection point. Subsequent to the grant award, preliminary engineering design revealed a number of physical reasons why the system could not be installed at Pier 35, the primary reasons including:

- No nearby high voltage power service;
- Pier aprons too narrow to accommodate the required equipment; and
- Interior shed configuration that was incompatible with the required berthing orientation of ships to be connected.

With BAAQMD concurrence, the Port and Princess explored alternate locations and selected Pier 27, which is currently in use as berthing for cruise ships and already has a low-voltage (480 volts) shoreside power system, installed for MARAD ships in the 1990's. A conceptual design for shoreside power at Pier 27 was developed (Figure 1). Detailed engineering design by Cochran, Inc. is in progress and should be largely completed within 30 days.

The project cost estimate is under revision, necessitated by changes in design with the move to Pier 27, chiefly longer runs of cable and conduit and the addition of a second connection point. The second connection point will allow ships to berth either port-side to the pier or starboard-side-to. Berthing in either orientation is a design requirement because not all cruise ships have

the electrical access hatch on the same side of the ship. The cost estimate has increased from an initial $2.8 million to $3.2 million. Port staff recommends the inclusion of a $400,000 contingency is appropriate for the project, giving a project total of $3.6 million. The project total exceeds the grant amount by $1.7 million.

SFPUC, as the supplier of power to the project under an existing agreement with Pacific Gas and Electric Corp. ("PG&E"), has a financial interest in completion of the project. Additionally, SFPUC plays the lead role in Citywide alternative energy planning and development. Accordingly, SFPUC has proposed a shoreside power budget item in its 2008/09 capital budget, specifically to make up the difference between the grant amount and the project estimate, as well as to provide any necessary upgrades to existing SFPUC electrical equipment at Piers 27 and 29.

Port Commission Action

Port staff seeks Port Commission authorization for the Executive Director to enter into an agreement with Princess Cruise Lines, Ltd. and/or its agent, Cochran, Inc., to install shoreside power equipment at Piers 27 and 29 in an amount not to exceed $1,700,000 from Port and the San Francisco Public Utilities Commission, and an additional $1,900,000 to be obtained by Princess Cruise Lines, Ltd. from the Bay Area Air Quality Management District, subject to approval of the Board of Supervisors. Port staff also seeks Port Commission authorization to request an ordinance from the Board of Supervisors exempting such agreement from the contracting requirements of the Administrative Code and Environment Code.

Furthermore, Port staff seeks Port Commission authorization for the Executive Director to enter into a Memorandum of Understanding, or other agreement as needed, with the San Francisco Public Utilities Commission to accept and expend $1,700,000 in SF PUC funds to fund this project, contingent upon the approval of SFPUC's proposed budget by the Board of Supervisors and the Mayor.

Prepared by: Jay Ach, Manager, Regulatory and Environmental Affairs
and
Daley Dunham, Principal Administrative Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-24

WHEREAS, On December 22, 2006, the Port and Princess Cruise Lines, Ltd. ("Princess") as co-applicants, submitted an application to the Bay Area Air Quality Management District (BAAQMD) for Carl Moyer Program funding to install shoreside power at the Port; and

WHEREAS, On April 4, 2007, BAAQMD approved a Carl Moyer Program grant of $1.9 million to the Port of San Francisco and Princess, jointly as grantee, to fund this project; and

WHEREAS, On December 4, 2007, the Board of Supervisors approved a resolution authorizing the Executive Director of the Port to enter into a grant agreement with BAAQMD and Princess for this project; and

WHEREAS, On December 6, 2007, the Port Commission authorized the Executive Director of the Port to enter into a grant agreement with BAAQMD and Princess for $1.9 million for construction of shoreside power at the Port, and to execute any documents required to enter into that agreement, including any amendments, augmentations or extensions thereof; and

WHEREAS, The project cost of approximately$1.9 million, originally based on a project located at Pier 35, has increased to approximately $3.6 million, in large part due to design changes necessitated by the relocation of the system from Pier 35 to Piers 27 and 29; and

WHEREAS, To cover the cost of the project, Princess and/or its agent, Cochran, Inc. would be responsible for obtaining the $1.9 million in Carl Moyer grant funds from BAAQMD and the Port would pay Princess and/or Cochran, Inc. an amount not to exceed $1,700,000 for additional costs; now, therefore, be it

RESOLVED, That, subject to the approval of the Board of Supervisors, the Port Commission hereby authorizes the Executive Director of the Port to execute an agreement with Princess Cruise Lines, Ltd. and/or its agent, Cochran, Inc., for the purchase and installation of the shoreside power system for amount not to exceed $1,700,000; and be it further

RESOLVED, That, subject to the approval of the Board of Supervisors, the Port Commission hereby authorizes the Executive Director of the Port or her designee to enter into any additions, amendments, or other modifications to the agreement that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not increase the amount of the agreement or otherwise do not materially increase the obligations or liabilities of the Port and

are necessary or advisable to complete the project contemplated by the agreement and effectuate the purpose and intent of this Resolution; and be it further

RESOLVED, That the Port Commission hereby urges the Board of Supervisors to adopt an ordinance exempting the agreement from the contracting requirements of the Administrative Code and Environment Code, including, without limitation, Chapters 6, 12B, 12C, 12P, 12Q, and 14A, 14B, and 21 of the Administrative Code and Chapters 2, 5, and 8 of the Environmental Code, except to the extent the agreement obligates Princess or Cochran, Inc. to satisfy such requirements; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port to execute an agreement with the San Francisco Public Utilities Commission to accept and expend up to $1,700,000 in SF PUC funds for the purpose of completing this project, if project funding is approved by Mayor Gavin Newsom and the Board of Supervisors as part of their Fiscal Year 2008-2009 budget.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 22, 2008.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of recommendation of Development Teams to Invite to Respond to the Request for Proposals (RFP) for Seawall Lot (SWL) 337, a 16-acre site bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard (Resolution No. 08-25)

Request authorization for Issuance of an RFP for SWL 337, Including Revised Objectives and Criteria (Resolution No. 08-26)

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTIONS

Overview

At its April 8, 2008 meeting, the Port Commission received an informational presentation and public comments regarding development team submittals for the Seawall Lot (SWL) 337 Request for Qualifications (RFQ). The information in the April 2, 2008 staff report, which includes the analysis of development concepts conducted by the SWL 337 Advisory Panel, is incorporated herein by reference.

At the April 8th Port Commission meeting, staff reported that it had received a letter from Federal Development LLC withdrawing its team from consideration for this development opportunity. The meeting was well attended, and the Port Commission received public comments from many speakers.

On the basis of the public comments received, staff analysis, and review by the SWL 337 Advisory Panel which are discussed in this memorandum, staff recommends approval of attached Resolution 08-25 to invite the following development teams to participate in the Request for Proposals (RFP) phase of the Seawall Lot 337 development solicitation process.

This Print Covers Calendar Item No. 9A

- Boston Properties, Kenwood Investments, Wilson Meany Sullivan
- Cordish Company, Farallon Asset Management, San Francisco Giants
- Cherokee Development, Build Inc., UrbanGreen Devco

Port staff also recommends approval of attached Resolution 08-26 to authorize the initiation of the SWL 337 Development RFP process. Based on review by the staff and the SWL 337 Advisory Panel of the RFQ Submittals, and public comments received, staff proposes revisions to the SWL 337 RFQ Objectives and Criteria, to provide more detailed requirements specified for the SWL 337 RFP. The proposed SWL 337 RFP Objectives and Criteria are presented in Exhibit 1.

Recommendation of Developers for SWL 337 RFP

The April 2, 2008 staff memorandum to the Port Commission presents a comprehensive review of the financial, development experience and development concepts submitted by each of the teams responding to the SWL 337 RFQ. Since the April 2nd memo, the Federal Development team submitted a letter to the Port stating its withdrawal from consideration for the development opportunity at SWL 337.

Three development teams remain:

- Boston Properties, Kenwood Investments, Wilson Meany Sullivan
- Cordish Company, Farallon Asset Management, San Francisco Giants
- Cherokee Development, Build Inc., UrbanGreen Devco

In summary, the staff found that all three teams met the financial qualifications requirements set forth in the RFQ. In addition, staff concluded that these teams have demonstrated development experience necessary to manage a development project at SWL 337, while recognizing the individual strengths and variations among the teams.

The SWL 337 Advisory Panel conducted an exhaustive review of the RFQ development concepts. The report containing the Advisory Panel's findings, which was attached in the April 2, 2008 staff memorandum, is intended to provide direction to benefit all the teams, as well as provide the basis for its recommendation of development teams for the RFP phase.

The Advisory Panel has recommended that the Boston and Cordish teams be invited to participate in the RFP phase. With respect to the Cherokee team, the Panel members split in a 4-3 vote, where four members recommended that Cherokee be advanced to the RFP phase, and three did not. Because the vote was close, the Advisory Panel declined to make a formal recommendation on whether the Cherokee team should be included in the RFP. Instead, the Advisory Panel elected to forward its review to the Commission to incorporate this information into its decision-making process in determining which development teams to invite to the RFP phase.

At its April 8, 2008 meeting, the Port Commission received many public comments. Overall, the public has expressed its strong support of the process conducted for this project. It has afforded an early, substantive understanding of each of the development concepts, with provisions for early public input and direct dialog with the development teams. Several commenters spoke in support of arts and artists in the Boston development concept. Other commenters supported the

Giants as a good neighbor and were in favor of the major open space in the Cordish proposal. Several commenters spoke in support of promoting transit and the concept of "unbundling" parking to make it a separate, market-based use in the development program, while others expressed the need to ensure there is enough parking to meet realistic demand of Giants ballgames. Other comment focused on the development teams' alleged track records and working relationships with organized labor, which are summarized here without investigation to verify the underlying facts and circumstances. The Boston team was noted by a commenter for having agreed to sign a project labor agreement. The Giants were recognized for their partnership with labor in development of the ballpark, but labor advocates cited problems with Cordish Company in projects developed in other cities. Build Inc. also was criticized for utilizing outside labor in the development of its 900 Minnesota project, which has led to a labor dispute. Notwithstanding these concerns, several members of the public commented that the exchange of perspectives and ideas among the remaining development teams is valuable to promote the public's understanding and definition of the qualities of new development that should be sought for SWL 337. On that basis, the Port Commission received several comments requesting that all three development teams be invited to participate in the RFP.

Port staff agrees that the benefits of the competitive process would be enhanced if all three remaining development teams were invited to respond to the RFP, especially upon review of the Advisory Panel's deliberations on the Cherokee proposal. While the Advisory Panel flagged many questions and disagreements with development details in Cherokee's RFQ submittal, the Advisory Panel also recognized that Cherokee has a philosophy and approach to interacting with the community that is unique and, in the context of San Francisco's difficult development review process, has strong merit. Cherokee's particular style and approach to design its development projects perhaps is most dependent on input from the type of interactive public process that has been employed for SWL 337, to inform how the team can produce a detailed, highly responsive development proposal for the RFP. Members of the Cherokee team made public comments at the April 8th Port Commission meeting, where they confirmed and embraced this public input and exchange process as a key element to their development design process. Staff found that, while they do not rate as highly as the Cordish and Boston teams, the Cherokee team still possesses adequate financial and development qualifications for this project. Staff believes that the Cherokee team should be invited to submit a proposal for the RFP phase of the solicitation process for the development of SWL 337, along with the Boston and Cordish teams.

Objectives and Criteria for the SWL 337 Request for Proposals (RFP) for Development

The public review process of the RFQ submittals has been effective in providing tangible direction to help development teams refine and improve development proposals that will require much more detail in the RFP phase. Similarly, the public review process has provided insights for the Advisory Panel and staff which inform revisions and refinements to the Development Objectives and Criteria that are proposed to be included in the RFP.

The RFQ issued by the Port on October 30, 2007 contains Development Objectives and Criteria, which were the basis for development concepts received in February 2008. For the most part, staff believes these Objectives and Criteria still provide sound direction for the RFP. However, we do believe it is important to provide more detailed direction to development teams which reflects what the staff, Advisory Panel and/or the public has learned during the RFQ phase. In addition, staff proposes to incorporate more specific financial and business term requirements.

The collective body of revisions to the SWL 337 Development Objectives and Criteria, and Key Lease and Business Terms proposed for the RFP are presented in Exhibit 1, and summarized below. The scoring framework that will be employed in the review of the RFP proposals will remain the same as described in the RFQ issued in October 2007. Out of a 100 point scale, the RFP Design and Development Program will be worth a maximum of 60 points, and the RFP Financial Proposal will be worth a maximum of 40 points. Exhibit 2 presents the Evaluation Criteria, as was presented in the RFQ, dated October 30, 2007.

- Public Trust Uses: Provide more specific definition and direction to development teams to incorporate public trust uses in the development program for SWL 337, and to demonstrate that first consideration has been given to public trust uses, consistent with Senate Bill 815.

- Pier 48. Provide more direction regarding the character of use program for Pier 48 and its relationship with enhancing public enjoyment of open space at China Basin, consistent with public trust and historic preservation standards.

- Housing Program Details. Provide more specific definition of the number, type, and mix of housing units proposed, including rental vs. ownership units, wherein if ownership housing is proposed, the development team would need to provide the proposed approach to support and achieve such ownership housing.

- Major Open Space at China Basin. Provide more specific direction requiring a major public open space at China Basin of at least five acres in size, which removes the north leg of Terry Francois Boulevard, and additional design criteria to promote public enjoyment of the Bay and waterfront, diverse recreational program consistent with public trust principles, environmental restoration and habitat improvements, and active interface with Pier 48.

- Transportation. Provide more specific direction requiring submittal of a transportation demand management program which demonstrates creative and effective use of public transit and alternative modes, and a parking management element that reflects efficient utilization for such parking that is included in the development program. To this end, the RFP criteria requires that any parking programs not be tied to ("unbundled") nor internally subsidized by uses (e.g. office, housing, retail, hotel) in the development program, instead allowing the market to define the price and demand for any parking included in RFP development proposals. Also, more details are required from development teams to describe how parking would be managed and shared to meet parking demand for the Giants baseball season.

- Scale and Density of Development. Provide more direction that allows for one to three taller, slender towers of 300 feet or more, to create an inspiring architectural identity, and support development density while also meeting waterfront open space objectives.

- Economic. Require specified minimum and participation rents for SWL 337 and Pier 48, and breakdown in financial pro forma analysis to enable detailed understanding of rent proposals and structure, and any other monetary remuneration to the Port.

- Sustainability. Require sustainability analysis to assess development proposal against LEED Gold or equivalent standards for Neighborhood Development (LEED-ND) and proposals to reduce carbon footprint through carbon emission reduction, on-site alternative energy generation and conservation.

Business Terms for the SWL 337 Request for Proposals (RFP)

The RFQ issued by the Port on October 30, 2007 contains Key Lease and Business Terms. These business terms are vitally important for the Port goal of achieving broad public benefits as envisioned in Senate Bill 815 through lease and tax increment revenues from SWL 337. The importance of this goal is reflected in the 40% weight of the Financial Proposal in the RFP submittals. For the most part, staff believes these Key Lease and Business Terms still provide sound direction for the RFP. However, as stated in the RFQ, we believe further direction is needed for minimum rent and other key terms. Discussion regarding minimum rent and other specific financial and business term requirements are summarized below:

- SWL 337 Minimum Rent: An independent evaluation estimated SWL 337's revenue potential at $10 to 15 million per year, assuming a similar mix of uses and development density as constructed in the Mission Bay South Redevelopment Project Area. During the SWL 337 planning process, Port staff estimated annual revenue of $6 to $10 million and developed revenue estimates based on illustrative development scenarios that included a mix of revenue producing development and a higher ratio of public open space and public amenities than in Mission Bay. This preliminary analysis of scenarios generated $8 million of annual rent revenue to the Port's Harbor Fund. Rent generation remains a significant objective for the Port, to achieve its broader Port-wide capital needs to repair and improve the waterfront. Based on these analyses and the developer submittals, staff recommends a minimum annual base rent of $8 million. Further Port staff recommends that the RFP require a fair market rate (FMV) adjustment of the base rent after the developer's initial investment has been amortized (no later than 25 years) and every ten years thereafter. This provision is consistent with standard business terms in long term ground leases

- Pier 48 Minimum Rent: Pier 48 consists of approximately 184,000 s.f. of clean, renovated shed space. Port staff has received offers on this space and similar shed space for $12 per square foot per year. Port staff recommends a minimum annual base rent of $1 per square foot per month. Staff recognizes that development proposals may propose uses for Pier 48 that require additional investment to the pier shed and offer higher market rent. Staff recommends the RFP allow proposers to amortize improvements beneficial to future utility of the shed with rent credits against the difference between an annual $12 per square foot and the market use. Based on the concepts submitted for the use of Pier 48, the proposed improvements do not appear to justify a long term lease. Port staff recommends that the RFP call for a Pier 48 lease term of 10 years unless submittals justify a long amortization of shed and pier improvements, and produce commensurate financial return to the Port.

- Participation Rent: The success of public/private waterfront development is always a partnership between the developer and the Port. The Port should expect the opportunity to participate in the success of development beyond just the minimum rent. Port staff

recommends that the RFP require participation rent structures. In order to maintain competitive parity with other waterfront tenants, percentage rent for retail and restaurant uses should reflect the structure of other such leases on the waterfront where percentage of gross participation rent ranges from 6% to 8% and higher. Due to the nature of this RFP offering, with the Port providing the land and the developer building the retail establishments, staff further recommends the RFP allow a reasonable period (not exceeding 25 years) for amortization of retail development investment.

- Form of Financial Proposals: The clarity of the Financial Proposals is critical to fully understand the public benefits and which proposed onsite uses require subsidy by revenue generating uses and the magnitude of this cross subsidy. This clarity will allow an open policy discussion of the importance of proposed public improvements and their importance vis-à-vis other public benefits that could be funded on the waterfront as contemplated in Senate Bill 815. In order to achieve this clarity, staff recommends that the RFP require submittal of pro forma analyses by use type listed below to justify minimum rent offers, and show they have maximized rent benefit to the Port. Additionally, the Financial Proposals should break out development and maintenance costs for open space, major infrastructure as well as maintenance costs for the development and open space indicating the funding sources.
    - Public trust-consistent uses at SWL 337
    - Parking
    - Housing (including affordable)
    - Retail, by type (e.g. regional/visitor, neighborhood, local-based businesses)
    - Entertainment uses and Special Events (unless it is part of Pier 48)
    - Pier 48

Conclusion and Next Steps

Port staff recommends approval of Resolutions 08-25 and 08-26 to approve inviting the three development teams into the RFP phase of the process, and to authorize staff to prepare and issue the RFP, including the revisions presented in Exhibit 1, and approving the ability of staff to make further refinements as necessary to ensure clarity and internal consistency in the RFP. Staff anticipates that the RFP would be published in mid-May, and provide approximately three months for development teams to prepare and submit their RFP proposals. The staff and Advisory Panel review process of the RFP proposals will be much more detailed than during the RFQ phase, requiring developer team interviews and consultant-assisted analysis of the financial proposals. Thus, Port staff anticipates that it will take between 90 and 120 days to produce a recommendation on developer selection for SWL 337.

Prepared by: Diane Oshima, Asst. Deputy Director, Waterfront Planning
Jonathan Stern, Asst. Deputy Director, Waterfront Development
Phil Williamson, Development Project Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-25

WHEREAS, On October 23, 2007, the Port Commission approved Resolution 07-80, authorizing the issuance of a Request for Qualifications (RFQ)/Request for Proposals (RFP) development solicitation process for the development of Seawall Lot (SWL) 337, a 16 acre site on the south side of China Basin Channel, bounded by Third Street, Mission Rock Street and Terry Francois Boulevard, and which allowed for the inclusion of Pier 48 in proposals for this development opportunity; and

WHEREAS, Pursuant to Resolution 07-80, the Executive Director convened a Seawall Lot 337 Advisory Panel, representing planning, environmental, economic, urban design & architecture, neighborhood and city-wide interests and expertise, to review respondent development concepts and provide findings and recommendations to the Port Commission for its consideration and action; and

WHEREAS, The RFQ was published on October 30, 2007, and resulted in receipt by the Port of the following four respondents by the deadline of February 14, 2008:

- Boston Properties, Kenwood Investments, Wilson Meany Sullivan
- Cordish Company, Farallon Asset Management, San Francisco Giants
- Cherokee Development, Build Inc., UrbanGreen Devco
- Federal Development, Lehman Brothers, Construction Management and Development, Inc.; and

WHEREAS, The four respondents made public presentations of their respective RFQ development concepts at the February 26, 2008 Port Commission meeting, and in an all-day, facilitated public workshop on Saturday, March 1, 2008 hosted by the Port and the SWL 337 Advisory Panel at which the public had extensive opportunity to review and discuss the merit and concept of each of the development concepts with the participation of Port Commissioners; and

WHEREAS, The SWL 337 Advisory Panel conducted a thorough and extensive review and deliberation for each of the four RFQ development concepts, which incorporated public comments received and staff review and analysis of the Development Team Qualifications and Experience information that was submitted as part of the RFQ submittals; and

WHEREAS, As documented in the staff memorandum to the Port Commission, dated April 2, 2008 and presented at the Port Commission's April 8, 2008 meeting: 1) Port staff reviewed and researched the financial qualifications information submitted by each Respondent, and concluded that all four Respondents meet the financial qualifications requirements set forth in the RFQ; and 2) Port staff and the Advisory Panel found that development experience and qualifications of the four teams ranged from weak to strong; and

WHEREAS, In addition to receiving analysis of financial and development experience qualifications from Port staff, the SWL 337 Advisory Panel produced extensive documentation of its review of the RFQ development concepts, and recommended that the Boston Properties and Cordish Company development teams be invited to participate in the RFP phase for SWL 337, and not the Federal Development team; but declined to make a recommendation with respect to the Cherokee development team, based on the Advisory Panel's 4-3 vote in favor of inviting the team into the RFP phase, and instead forwarded the Advisory Panel's findings on Cherokee to the Port Commission for consideration in its decision-making process without recommendation; and

WHEREAS, On April 7, 2008, the Port received a letter from Federal Development LLC, withdrawing from the development solicitation process for SWL 337; and

WHEREAS, At the April 8, 2008 Port Commission meeting, staff and the Advisory Panel Chair, Ruth Gravanis, presented its findings and recommendations on the remaining three Respondent teams, and the Port Commission received extensive public comments which credited the public process and thoughtful approach to achieving appropriate development for SWL 337; and

WHEREAS, In reviewing the public comments and the deliberations of the Advisory Panel, staff concurs with the Advisory Panel's recommendation to invite the Boston Properties and Cordish company teams to participate in the RFP; furthermore, staff finds that the Cherokee team meets the financial and development qualification requirements for the SWL 337 project, and agrees with the Advisory Panel that Cherokee's unique style and approach to work with the community to develop projects merits inviting the team to also participate in the RFP phase of the development solicitation process along with the Boston Properties and Cordish Company teams; therefore be it

RESOLVED, The Port Commission has reviewed and considered the reports documenting the extensive review, findings and recommendations of the SWL 337 Advisory Panel, the Port staff analyses of the Respondents' financial qualifications and development experience submittals, and the extensive public comments received between February 26, 2008 and April 22, 2008; and be it further

RESOLVED, The Port Commission expresses its deepest thanks and appreciation to the members of the SWL 337 Advisory Panel, Chair Ruth Gravanis, Vice Chair Paula Collins, Rod Henmi, Sarah Karlinsky, Tony Kelly, Amy Neches, and John Rahaim for the major investment of time and expertise in reviewing the RFQ development concepts, and producing a report that is well understood by the public and which will greatly assist in developing detailed RFP proposals; and be it further

RESOLVED, The Port Commission approves the staff recommendation to invite the following Respondents to submit proposals in the RFP phase of the development solicitation for SWL 337:

- Boston Properties, Kenwood Investments, Wilson Meany Sullivan
- Cordish Company, Farallon Asset Management, San Francisco Giants
- Cherokee Development, Build Inc., UrbanGreen Devco

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 22, 2008.

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Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-26

WHEREAS, On October 23, 2007, the Port Commission approved Resolution 07-80, authorizing the issuance of a Request for Qualifications (RFQ)/Request for Proposals (RFP) development solicitation process for the development of Seawall Lot (SWL) 337, a 16 acre site on the south side of China Basin Channel, bounded by Third Street, Mission Rock Street and Terry Francois Boulevard, and which allows for the inclusion of Pier 48 in proposals for this development opportunity; and

WHEREAS, The RFQ was published on October 30, 2007, which contained Development Objectives and Criteria for SWL 337 and Pier 48, which was identified in the RFQ as an optional facility to include in development submittals; and

WHEREAS, Four Respondents submitted development concepts in response to the RFQ by the deadline of February 14, 2008, and underwent an extensive public presentation, review and comment process, as described in Port Commission Resolution 08-25; and

WHEREAS, The range of development concepts presented by the Respondents, and comments from the public review process, including the review and deliberations by the SWL 337 Advisory Panel, have resulted in additional details and information that Port staff believes should be incorporated into the RFP phase of the SWL 337 development solicitation process, to provide development teams clearer direction to inform detailed development proposals that are highly responsive to the Port and public expectations for development of SWL 337 and Pier 48; and

WHEREAS, The staff proposes revisions to the SWL 337 Development Objectives and Criteria, as presented in Exhibit 1 to be included in the RFP phase of the SWL 337 development solicitation process; now therefore be it

RESOLVED, The Port Commission has reviewed the SWL 337 Development Objectives and Criteria presented in Exhibit 1, and believes these revisions would improve the direction provided to development teams that submit responses to the SWL 337 RFP; and further be it

RESOLVED, The Port Commission approves the SWL 337 Development Objectives and Criteria presented in Exhibit 1, which may undergo further refinement and revision as necessary to ensure integration and internal consistency throughout the RFP.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 22, 2008.

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Secretary

PORT OF SAN FRANCISCO

EXHIBIT 1
Seawall Lot 337 RFP Development Objectives and Criteria

The proposed RFP objectives and criteria build upon those presented in the RFQ, except as they may be revised to provide more detail and direction. They are shown in underlined text below.

SWL 337 VISION STATEMENT

Create a vibrant and unique mixed-use urban neighborhood focused on a major new public open space at the water's edge. This new neighborhood should demonstrate the highest quality of design and architecture, and the best in sustainable development with a mix of public and economic uses that creates a public destination which enlivens the Central Waterfront, celebrates the San Francisco Bay shoreline, and energizes development at Mission Bay. Consistent with enabling state legislation, the development program for the site should generate significant revenues to fund the Port's historic preservation and waterfront open space needs, and maximize public trust uses.

OBJECTIVES & CRITERIA

Land Use

1. Develop a diverse mix of uses at SWL 337 that reflects San Francisco's unique character and promotes a vital urban environment with lively interactions among workers, visitors and residents, and broad use and safe enjoyment of public spaces.

   Criteria:

   a. Propose a development program that creates a public destination with major public open space and shoreline recreational, environmental, and cultural uses integrated with revenue producing uses that may include office, hotel, retail, restaurant, assembly and entertainment, and residential uses.

   b. Consistent with SB 815, demonstrate that first consideration was given to public trust-consistent uses in the development program.
   In October 2007, Governor Schwarzenegger signed SB 815, sponsored by Senator Migden, which authorizes the Port to enter into a lease not to exceed 75 years that includes commercial and residential uses that typically cannot be constructed on lands granted by the State of California to the City and County of San Francisco pursuant to the Burton Act. SB 815 requires that the Port study public trust uses for SWL 337 first. The legislation also requires that the California State Lands Commission approve the proposed lease for the site.

   Public trust uses include but are not limited to:
   - maritime vessels (e.g. ferries, water taxies, recreational boating, temporary berthing)

-waterfront parks and open space which attract and promote public enjoyment of the Bay
- Recreational water uses
- Hotels
- Visitor-serving retail, restaurants and services that promote enjoyment of the waterfront, including businesses that serve water recreational uses (e.g. maritime supply chandleries, water recreation equipment rentals)
-Environmental restoration and natural habitat areas

c. Demonstrate how the development program (including non-trust uses), in a total project context, achieves a character that promotes public trust objectives. [For more information on the Public Trust Doctrine: www.slc.ca.gov/Policy Statements/Public_Trust_Home_Page.html]

2. For housing proposals, provide housing program details, including number and mix of units, market vs. below-market (and income and price range, and source of funding for below-market units), ownership vs. rental units, and analysis of the application of fair housing laws to any preferential residency proposals. If ownership housing is proposed, describe how it would be accommodated in a long-term ground lease, or any alternate strategy. Provide examples of where such alternate strategy has been successfully implemented.

   a. Design any proposed residential uses so that they do not conflict with the ongoing operational needs of Pier 50.
   Pier 50 is an important long-term Port facility to support maritime activities and vessel berthing, as well as the Port's maintenance center.

3. Propose a use program for Pier 48 that is publicly-oriented and water-related to the extent possible, and which complements and enhances the public use and enjoyment of the major new public open space at China Basin. The Pier 48 use program must be consistent with the public trust, and any improvements must comply with the Secretary of Interior Standards for Rehabilitation.
   Pier 48 is subject to public trust use restrictions as administered by the Port with oversight by the State Lands Commission. Respondents will be required to cooperate with the Port to obtain a finding of consistency with the public trust and the Burton Act from the State of California for proposed new uses on Pier 48.

   Historic Pier 48 is included in the San Francisco Embarcadero Waterfront National Register Historic District. Pier 48 has become obsolete for cargo shipping needs, but continues to provide a useful facility for berthing of mid-to-shallow draft vessels. The two main structures, Sheds A and B, are linked by an open air deck ("valley") and connecting shed along the pier's eastern side. The facility was seismically improved and repaired following a fire in 1996.

Open Space

4. Develop an open space program that provides substantial visitor-serving public open space, and other neighborhood-oriented open spaces designed to serve the recreational needs of any residential uses developed on the site and provide key components of the Bay Trail and Blue Greenway. These two types of open spaces are not mutually exclusive and may overlap, but must serve discreet needs.

Criteria:

a. Create and balance the distribution of gathering places for area visitors, workers and residents with linkages to China Basin Park and activate open spaces with events and activities that enliven SWL 337. Describe what types of recreational uses are intended for the various public parks and open spaces included in the proposal.

b. Describe how parks and open spaces will be managed or programmed to promote safe and active use and enjoyment. Include a funding proposal to support these management and programming activities.

c. Increase opportunities for trust-consistent open space uses such as water-related recreation, wildlife habitat and nature education. Trust-consistent recreational activities are those that are either water-dependent or enhanced by their waterfront location.

d. Design usable and publicly accessible neighborhood-serving open spaces such as athletic fields, tot lots and play structures, which comply with the Recreation and Open Space Element of the San Francisco General Plan.

2. Expand China Basin Park, and create other public open space amenities that increase public enjoyment and views of San Francisco Bay, AT&T Ballpark, Mission Creek Channel, East Bay hills, Yerba Buena Island and the Bay Bridge, and to create a unique and complementary addition to the network of parks and open space along the San Francisco waterfront and in Mission Bay.

Criteria:

a. Minimum size for contiguous major open space: 5 acres
   - Located at northeast area of the site
   - Incorporates northern leg of Terry Francois Blvd
   - Must be visitor-serving and water-oriented to comply with public trust objectives, which considers factors including but not limited to
     - active and passive recreation for locals and visitors
     - creates direct relationship with and enjoyment of the Bay
     - promotes water recreational use
     - promotes environmental restoration and natural habitat
     - interacts with and enhances the attractiveness and public enjoyment of the development program overall, which also in turn increases enjoyment of the public open space
     - interfaces and takes advantage of proximity and adaptive reuse of Pier 48

b. China Basin Park and other shoreline open space should connect with and enhance the Bay Trail and highlight the start of the Blue Greenway.

c. China Basin Park and other project open space should incorporate landscaping and ecological design elements that provide habitat value for native wildlife.
Respondents may propose water-related (including water-contact activities) recreation, outdoor/indoor performance and entertainment venues (e.g. bandshell, amphitheater), cultural facilities and public art installations, and small eating establishments as part of a broader open space program. The designs should recognize and address wind and weather conditions that affect how the public can use and enjoy new waterfront open space.

Respondents may wish to examine two publications by the San Francisco Bay Conservation and Development Commission as resources for design of shoreline open space: "Shoreline Spaces: Public Access Design Guidelines for the San Francisco Bay" (2005) and "Shoreline Plants: A Landscape Guide for the San Francisco Bay" (2007).

3. Describe how proposed park and open spaces would be maintained and managed, including funding sources to support such operations.

Transportation

4. Due to its location, adjacent uses and the development density envisioned, demonstrate careful consideration of transportation and parking needs that yield a proposed transportation program that maximizes utilization of rideshare, transit, pedestrian, and bicycle access to the site to minimize traffic demand and congestion from automobiles.
   The site is transit rich, served by significant local and regional transit within several blocks' walk. Transit access is provided by Muni N-Judah, T-Third St. light rail lines along The Embarcadero, Muni bus lines10, 30, 45, and 47, Caltrain commuter rail south to the Peninsula, and game day ferry service to AT&T Ballpark. Future planned expansion includes extension of the T-line via the Central Subway (funded), the E-line to run from China Basin to Fisherman's Wharf (proposed).

   Criteria:

   a. Describe the team's experience and expertise in developing and implementing integrated transportation and parking management programs to reduce vehicle trips and parking demand in new development.

5. Promote the City's transit-first policy and seek to establish as sustainable a transportation program as possible while accommodating the parking needs of AT&T Ballpark.

   Criteria:

   a. Describe effective public transportation strategies, including pedestrian, bicycle, carshare and public transit modes, including water transit, to actively encourage use of alternative transportation modes to support new development on SWL 337.

   b. Plan the configuration of new development to maximize walkability to minimize the need to own or use automobiles.

   c. Require parking supply and costs to be unbundled from new development, to promote market-based demand pricing and utilization of parking.

   d. For parking facilities included in the development proposal, describe:
      -How it responds to anticipated parking demand from residential vs non-residential uses during peak and off-peak demand times
      - Parking management program to maximize shared use (including use of any available off-site parking facilities)
      - Whether/how Ride/CarShare, bike storage and support facilities, and other improvements (including transit service improvements) to reduce automobile demand have been included.

e. Require Transportation Demand Management proposal which includes a description of goals for use of public transit and alternative transportation modes, and strategies, incentives or other performance measures to the stated goals.

6. Provide a proposal that explains how proposed parking facilities maximize shared parking to also meet the parking need of SF Giants ballgame season at AT&T Ballpark.
Since its opening in 2000, the San Francisco Giants have worked with the City to promote alternative transportation to and from ballpark games and events, and achieved among the highest percentage use of non-auto modes in Major League Baseball (45-50% for day games). The Giants indicate a desire to secure approximately 2,000 parking spaces for ballpark patrons. The Port recognizes that the ballpark will continue to have substantial requirements for parking at SWL 337.

In their proposals, Respondents must demonstrate how parking facilities can be used for multiple purposes, and how and to what extent shared ballpark parking, particularly for night and weekend day games, would be programmed. Parking programs must include consideration and/or inclusion of securing use of off-site parking facilities within 10 minute walking distance of AT&T Park to meet Giants ballgame parking need. The Port acknowledges that in order to finance parking facilities, funds from multiple sources, including participation from the San Francisco Giants, may be required. Respondents should demonstrate conceptually how parking facilities will be financed relative to other proposed uses.

a. Investigate and propose shared parking for the ballpark at nearby satellite parking facilities.
The Port encourages respondents to identify and propose shared parking opportunities dedicated to serve Giants games and events at satellite parking facilities in Mission Bay and in the southern South of Market area that can offset the loss of parking available to the Giants on SWL 337.

b. Describe the development teams's experience in the design of space-efficient parking arrangements, including tandem parking facilities, valet parking operations, and mechanical parking stacking equipment.

c. Design and locate parking facilities to minimize their aesthetic presence and impact on the surrounding area, particularly the waterfront and Third Street. Consider opportunities to make parking garages as environmentally sustainable as possible.

d. Design parking facilities on SWL 337 so that they can be converted to other uses should public transit service, and successful marketing and education reduce the need for parking.

e. Maintain truck access to Piers 48 and 50 via Terry Francois Boulevard from the south.

Neighborhood Character, Historic Resources and City Form

7. Create a unique urban form for SWL 337 that incorporates architecture that is varied and timeless, and human-scaled, which complements the scale of new development along Third Street in Mission Bay, respects historic resources on the waterfront, including Pier 48 and Lefty O'Doul Bridge, and steps down heights of buildings towards the Bay.

Criteria:

a. Promote an inspiring urban form and architecture worthy of this unique waterfront location, within a flexible framework of proposed zoning and development controls.

b. Propose a density of new development sufficient to support the public amenities and infrastructure improvements proposed for SWL 337.

c. Provide a Bay Trail/public promenade that meets public open space and circulation needs of the site, and supports access by multiple transportation modes, including pedestrians and bicyclists.

d. Design new street and access corridors as public spaces that foster an intimate and pedestrian scale and social and economic interactions between diverse uses and users, as promoted in the San Francisco Better Streets Program.

e. Utilize street and public way improvements to promote access and view corridors to the waterfront and Bay.

f. Locate active uses at the street level, and adjacent to public gathering spaces created as part of new open spaces.

g. Design new development to provide an attractive and inviting street front along Third Street, and adjacent developments in Mission Bay.

8. Respondents may propose one to three taller, slender towers of 300 feet or more that create an inspiring architectural identity for SWL 337, and enables development density on-site while also supporting space needs to meet major waterfront open space, urban design, the pedestrian realm objectives of this development..
The urban form should be appropriate to the site and its surroundings, the waterfront and the Bay, Pier 48 and Lefty O'Doul Bridge waterfront historic resources, and the overall city form. Respondents are invited to propose alternative urban design approaches to achieve density of development for SWL 337 that is equivalent to that found in the Mission Bay Redevelopment Plan area.

9. Propose a development program that funds public amenities and infrastructure improvements.

Economic

10. Respond to the Port's significant historic preservation and waterfront open space needs elsewhere on Port property, pursuant to SB 815, with a development program that can generate significant annual revenues to the Port.
SB 815 requires the Port to utilize increased rent from development of SWL 337 to fund historic preservation and waterfront open space mandated by the BCDC San Francisco Waterfront Special Area Plan. The Port expects to realize significant annual base rent and participation rent from development of the site. After evaluating development concept proposals submitted by respondents in the Phase I Request for Qualifications and Concept, the Port Commission may establish a minimum annual rent for respondents in the Phase II of this two-phase solicitation.

11. Respondents must propose a minimum rent for development on SWL 337 of no less than $8 million per year
- Require reset of fair market value at Year 25, and every 10 years thereafter.

12. Require minimum rent for Pier 48 of $12/sf/yr for shed space
- Set maximum lease term for Pier 48 of 10 years, unless investment warrants longer term for amortization at appropriate financial return to the Port .

13. Require market information justification for use program (include any pre-tenanting commitments)

14. Require percentage rent for retail uses of a minimum of 6% of gross sales (after amortization of initial improvements & structures)

[Note: See RFP Section ___ which describes other financial business term issues.]

Sustainability

15.Require new development and site improvements to incorporate and set an example for integrating green technologies and sustainable development practices.

Criteria:

a. Conduct a sustainability analysis to produce estimated scoring to achieve LEED Gold or equivalent standards for Neighborhood Development, Core and Shell Development and New Construction, with special address of on-site alternative energy generation and conservation systems, and reduction of vehicle emissions and vehicle miles traveled to demonstrate a reduction in carbon footprint impacts of new development.

b. Comply with Regional Water Quality Control Board performance criteria for the reduction of stormwater pollution impacts associated with newly constructed facilities.
Respondents should incorporate renewable energy and energy-efficiency strategies, such as efficient thermal envelopes and efficient space and water heating to support new uses, where feasible. Respondents should also evaluate and propose site-appropriate ecological design strategies such as on-site erosion control, water reuse, water purification/pollution reduction, and natural-based stormwater management treatments such as rainwater harvesting and swales.

EXHIBIT 2

C. Phase II Development & Financial Proposal

The Port will issue the RFP to the short-listed developers, which may be updated to include additional relevant information to further inform the Phase II development proposals and evaluation criteria. However, in general, evaluation of Phase 2 development proposals will be based on how well the proposal responds to the SWL 337 Development Objectives and Criteria (Section III above), and submittal requirements, where evaluation of the financial proposal will constitute 40% of the overall evaluation weighting, and Concept Plan evaluation will constitute 60% of the overall evaluation weighting.

Below is a preliminary presentation of the evalutaion critieria for Phase II, which may be revised or updated by the Port to consider other factors as appropriate and to request additional or updated information.

Design and Development Program- 60 Points

The Advisory Panel will use the SWL 337 Development Objectives and Criteria as the basis for reviewing all developer proposals, also evaluating the developers' understanding of, and ability to comply with, the Port's public trust responsibilities and the regulatory process, as reflected in the development concept, development program and development schedule for the proposed project.

In evaluating the Phase 1 submittals the Development Objectives and Criteria (Section III) will be given the following relative weightings:

Land Use Objectives:	20%
Open Space Objectives:	20%
Transportation Objectives:	20%
Neighborhood Character, Historic Resources and City Form Objectives:	20%
Economic Objective:	10%
Sustainability Objectives:	10%

Financial Proposal—40 Points

Port staff will evaluate the financial proposal outlined in the Submittal Requirements Section VII above, including ground lease rent, participation/percentage rent, length of term, rent adjustments, maintenance and management responsibility, construction period rent, project schedule, financing plan and commitments, completion guarantee, and other criteria deemed appropriate by the Port.

1. Lease Terms
   - Guaranteed minimum base rent
   - Other base rent terms including construction period rent & periodic adjustments
   - Participation rent structure and estimates
   - Port participation in proceeds that developer receives from sale, transfer or refinancing of leasehold

2. Project Development and Financing Plan
   - Construction and development costs for the proposed project
   - Financing Plan including sources of debt and equity
   - Validity of cash flow analysis including all develop ment costs & timing, project revenues, reserves, debt services, and operating expenses.

3. Project Schedule & Completion Guarantee

Other factors affecting the financial proposal will be evaluated, including but not limited to understanding and demonstrated ability and flexibility necessary to obtain key approvals and community and user support in a complex regulatory environment.

4. Other factors considered will include:

   - Entitlement Risk
   - Market Risk
   - Financing Risk
   - Operating Risk

PORT OF SAN FRANCISCO

MEMORANDUM

April 17, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational briefing on the status of Pier 70 environmental investigations, funding from the Department of Defense Office of Economic Adjustment, and proposed future brownfields site investigation and cleanup.

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

Overview

Pier 70 is a 65-acre site located east of Illinois Street between Mariposa Street and 22nd Street (*see Exhibit A, Pier 70 Master Plan Area*). It is distinguished by its long history of maritime and military industry, which supported the development of San Francisco and our nation's WWI and WWII efforts. Pier 70 includes a unique assemblage of historic buildings, constructed between the 1850s and 1920s. It has been recognized as an historic district that is eligible for listing on the National Register of Historic Places.

Since early 2007, the Port has been conducting a public planning process to produce a Preferred Master Plan for Pier 70. The objective of the Master Plan is to rehabilitate and adaptively reuse significant historic structures and integrate new development, shoreline open space and public amenities, while conducting environmental remediation where required and preserving ongoing ship repair operations. The Port has convened a series of public meetings to address the planning and development of the Pier 70 area, and hired three consultant teams to assist this effort. The first Pier 70 Master Plan Community Workshop (July 2007) presented background information about Pier 70 and provided an orientation to frame the master planning effort. At the second community workshop (November 2007) the Port presented the findings of the historic resources evaluation and rating, market assessment, economic and financial feasibility analyses and environmental investigation, and solicited comment on a Preliminary Development Framework Concept.

This Print Covers Calendar Item No. 9B

An essential part of the master planning process is developing a comprehensive understanding of the environmental conditions at Pier 70 and their impact on development feasibility and cost. The Pier 70 Master Plan area presents a unique development opportunity that will preserve valuable historic resources and revitalize the site and surroundings. However, more than 100 years of heavy industrial operations have contaminated soil and groundwater at Pier 70. Hazardous building materials such as lead-based paint and asbestos are ubiquitous in Pier 70's treasured historic buildings. These conditions have potential to significantly impact the cost of new construction as well as preservation and adaptive reuse of historic buildings.

Pier 70 is accurately characterized as a "brownfield": an underutilized property where reuse is hindered by actual or suspected contamination. While the lack of information about environmental conditions at Pier 70 has hindered previous development efforts, undertaking a comprehensive investigation of existing contamination, particularly in soil and groundwater, presents a risk of discovering conditions that warrant potentially costly remediation. Depending on the nature and extent of contamination, it may or may not be suitable for cleanup during the course of development and future risk management measures. The Port and/or other parties who have caused or contributed to contamination may be responsible for completing remediation if development does not proceed or if contamination cannot be adequately mitigated in the course of development. However, not investigating is likely to continue to preclude successful development.

As part of the Port's planning process to produce a Preferred Master Plan for Pier 70, the Port has undertaken: 1) a soil, groundwater, and sediment investigation of the northeast shoreline of Pier 70 ("Pier 70 NE Shoreline", see *Exhibit B, Site Investigation Area*) to evaluate potential constraints on development of the area for public access, and 2) compilation of existing data regarding contaminants in soil and groundwater throughout the entire Pier 70 site (east of Illinois Street, between Mariposa and 22nd Streets). We are currently adding data regarding hazardous building materials (i.e. asbestos, lead-based paint) to the database. The results of this work are summarized below.

In 2007, Port and Mayor Gavin Newsom's legislative staff worked with congressional representatives to secure a $2.4 million appropriation from the FY2008 Department of Defense (DOD) budget. The Department of Commerce, Economic Development Administration (EDA) will administer these funds through a grant to the Port. The Port's proposed use of these grant funds are discussed in following sections of this report.

Investigation of Pier 70 NE Shoreline

Beginning in February 2007, Port staff worked with one of the Port's as-needed environmental consultants, Treadwell & Rollo, to complete the above-referenced investigation of the Pier 70 NE Shoreline (*Exhibit B*). The Port initiated investigation in this area because it has been identified as a likely location for a park, public access to the shoreline, and possibly small craft launch area. The investigation included sampling and analyzing surface soil, groundwater, and shallow near-shore sediment for potentially hazardous chemical constituents, and then comparing the results with established screening levels to evaluate potential human health and/or environmental risks associated with contaminants present. The findings of this investigation indicate:

- Groundwater within the area investigated was found to be not significantly impacted by contaminants. Chemicals found in groundwater were present at concentrations below risk-based standards for protection of human health and the environment (via groundwater

migration to the adjacent bay water). There is no indication from the data collected in this investigation that groundwater remediation is warranted.

- Soil and sediment in the limited area investigated along the northeast shoreline contain contaminants (including metals, polynuclear aromatic hydrocarbons, and polychlorinated biphenyls) at concentrations that do not pose a significant risk under existing conditions, or if the area is developed for commercial or industrial use. Soil and sediment contamination in the area investigated does warrant remediation prior to site development. However, contaminants are present at concentrations that exceed screening-level risk-based standards for residential use. Results were compared with residential standards because Cal-EPA has not established screening levels for recreational use. Comparison with residential standards is conservative, since recreational users would not generally be exposed to the same extent as residents. This finding indicates that repeated, long-term, direct contact with soil and sediment in this area would pose an unacceptable risk to human health. Consequently, the investigation concluded that if the northeast shoreline of Pier 70 is developed for recreational use or public access, then development should include capping or removal of surface soil, and/or site design that prevents direct contact with soil and sediment, unless further study and/or remediation are conducted. Future development should be designed and maintained to minimize direct contact with soil and sediment. Health and safety measures should be implemented to protect workers exposed to soil during future construction and maintenance activities.

Port staff presented the investigation's scope, findings, and conclusions at several meetings of the Central Waterfront Advisory Group (CWAG) and public meetings on the Pier 70 Master Plan. At these meetings, attendees raised questions about how park design might enable recreation and public access to this portion of the shoreline, and whether the area could be used for launching small craft, such as kayaks. Some combination of replacing surface soil, which would be required for successful landscaping, and covering surface soil to construct walkways, hard-scape or buildings is likely to be part of site development for public access. Such site improvements could be designed and maintained in a manner that adequately mitigates potential risks associated with the contamination found in this area. At the December 2007 CWAG meeting, advisory group members, community members, staff and other interested parties engaged in a productive exploration (by slide show) of various shoreline park designs that might be appropriate at Pier 70. Many, if not all, of the general types of shoreline parks included in that discussion could incorporate the mitigation measures warranted for the soil present along Pier 70's northeastern shoreline.

Staff submitted the final report, entitled "*Site Investigation, Pier 70 Northeastern Shoreline, San Francisco, California*" (Treadwell & Rollo, 1/21/08), to the Department of Public Health, Bureau of Environmental Health Management in January 2008, and has posted it on the Port's website. The Pier 70 NE Shoreline investigation and screening-level risk assessment cost approximately $120,000. Funds for this work were from the Port's FY 2004/05 budget, a portion of which the Board of Supervisors had put on reserve to be used for environmental justice projects in the southern waterfront.

Site-wide Data Compilation

Over the last 20 years, environmental conditions in portions of Pier 70 have been investigated through "Phase I" environmental assessments, which review site history and related environmental documents, and numerous and varied other building materials surveys, and sampling and analysis of

soil, groundwater, or other materials. Each of these efforts has covered different areas within the entire Pier 70 site, and has been performed to serve a specific purpose, such as characterization of building materials prior to maintenance or repair, investigation of former underground fuel storage tanks, response to a hazardous materials release, or evaluation of soil conditions for proposed construction. As a result, a substantial body of data exists, but gaps in this information require additional investigation.

As part of the as-needed task order for investigation of the Pier 70 NE Shoreline, Treadwell & Rollo reviewed all of the environmental reports on Pier 70 on file at the Port, and evaluated existing data for quality (compliance with technical standards) and utility. They then compiled all data that met such standards into a geographic information systems (GIS) based relational database so that the data could be easily managed, presented, and analyzed. For example, *Exhibit C, Sampling Location Map with Aerial Photo*, shows where we have data regarding chemicals in soil, groundwater, and sediment. For each of the data points represented on this figure, there are numeric data on the type and concentration of chemicals present. This database will inform the design of subsequent investigations with respect to where and what type of additional data are needed. It will also make the data more easily accessible to the public, consultants and contractors bidding on or undertaking future investigations, and potential developers. Development of the database and selected figures and tables cost approximately $25,000, and is also funded by the above-referenced funds reserved for environmental justice projects in the southern waterfront.

Federal Appropriation in the FY2008 Department of Defense Budget

Throughout Pier 70's history, the U.S. Navy and/or its contractors conducted much of the industrial activity. From the turn of the century to the mid-1960s, significant portions of Pier 70 were occupied and used by U.S. Navy contractors, and starting in 1940 by the Navy itself, for building and repairing naval ships. The State of California acquired the property from the Navy in 1967, subsequently transferring it to the City and County of San Francisco along with the rest of the Port (excluding certain privately-owned parcels) in 1968. Beginning in January 2007, the City of San Francisco, lead by the Mayor Newsom's Office, requested funding from the DOD Office of Economic Adjustment (OEA) to address environmental contamination and other rehabilitation needs at former DOD facilities in San Francisco. These sites included Pier 70 and the former Naval Shipyard at Hunters Point. Working through Mayor Newsom's Office, Port staff submitted a funding proposal for environmental investigation and remediation of hazardous materials at Pier 70. Because much of Pier 70 remains virtually uncharacterized with respect to environmental contamination, and the planning and execution of remediation depend on site characterization, the proposal was very general. The bill that appropriated funds for DOD in FY2008 passed in November 2007 and included $2.4 million for environmental investigation and remediation at Pier 70.

Port staff has subsequently been working with OEA to refine the scope of work and identify an appropriate federal agency to administer disbursement of funds to the Port. The OEA has worked with the EDA to disburse federal funds for environmental work at the Hunters Point Shipyard and similar sites throughout the country, and so chose EDA to administer funds for the Port's proposed environmental investigation and remediation work at Pier 70. Based on the Port's needs as identified in the master planning process and discussions with DOD and EDA, Port staff modified the scope of work to include assessment and abatement of hazardous building materials, primarily asbestos and lead-based paint, as well as investigation, risk assessment and remedial action planning for soil and groundwater contamination.

The EDA requires 5% of the total appropriation to cover its administration costs, and 10% of the total project cost to be provided as matching funds from non-federal sources. The total funding available for the project will be $2,533,400, of which $253,400 will come from the Port and $2,280,000 will come from EDA. The Port's FY 2007/08 operating budget includes $330,000 for environmental investigation at Pier 70, which will be used as the required matching funds.

In March 2008, in accordance with EDA's funding procedures, Port staff submitted a "*Pre-Application for Investment Assistance*". Following its review of the pre-application, EDA will invite the Port to submit an "*Application for Investment Assistance*". Port expenditures incurred after EDA has issued the invitation to submit an application can be credited toward the required 10% non-federal match. The EDA application process must be completed, the grant agreement finalized, and funds encumbered by EDA by September 30, 2008.

All of the funds, both EDA grant funds and the Port's matching funds, are subject to federal contracting requirements. Consequently, the Port's contracts for the work at Pier 70 cannot apply preferences or subcontracting goals based on location, which prohibits compliance with the City's Local Business Enterprise ordinance. Additionally, any contracting involving federal funds must comply with federal regulations that require grantees to take certain measures to encourage participation by small, minority-owned or woman-owned businesses. Required measures include identifying and soliciting such firms, breaking the work down into smaller contracts and setting schedules to enable small firms to pursue contracting opportunities, working with certain federal agencies (i.e. Small Business Administration, Minority Business Development Agency) and requiring prime contractors to take the same measures when subcontracting.

Proposed Work to be Funded by EDA Grant

With funding through the EDA, the Port proposes to undertake the following:

- **Brownfields site investigation throughout Pier 70.** The investigation will involve drilling to collect subsurface soil and groundwater samples throughout the Master Plan area and within the premises leased to BAE Systems' San Francisco Ship Repair. Samples will be sent to a laboratory for analysis for chemical constituents of potential concern. To the extent feasible, soil samples will also be collected and analyzed for geotechnical properties. Samples will be collected at regular intervals over the entire study area, and at specified locations where activities likely to be associated with contamination, such as metal galvanizing, fuel storage, and other uses, were historically located. This information will inform the Port and State Lands' Commission negotiations regarding potential realignment of the public trust designation on parcels within Pier 70, and will identify conditions that may warrant remediation, design or construction considerations, and/or ongoing site management measures in conjunction with future development.

- **Risk assessment and feasibility study.** Based on the findings of the investigation, we will complete an environmental and human health risk assessment to identify contaminants and areas of concern. Depending on the nature and extent of contamination, conditions may warrant significant remediation, or may be appropriately addressed by future construction, management, and maintenance measures. The remediation and/or site management alternatives will be evaluated with respect to effectiveness in achieving cleanup goals, consistency with development objectives, cost, and duration. This information will be

important to the Port's and potential developers' evaluation of financial feasibility of development.

Initiating comprehensive investigation of contaminants in soil and groundwater poses a potential risk to the Port in that conditions that require remediation, which the Port and/or other responsible parties would be required to address, may be discovered. Depending on what the investigation finds, remediation may range from removal of "hot spots" and subsequent implementation of risk management measures, to design, installation and ongoing operation of an active remediation system, such as groundwater and/or vapor extraction and treatment. In many cases, site remediation or mitigation is most efficiently and effectively conducted in conjunction with site development. Because contamination in much of the Pier 70 area has not been investigated, it is not currently possible to assess whether extensive remediation will be warranted, quantify potential remediation costs, or evaluate the potential to recover remediation costs from other responsible parties.

- **Identification of hazardous building materials.** Although we know that hazardous building materials (i.e. asbestos, lead-based paint) are ubiquitous in the buildings at Pier 70, existing data are insufficient to quantify the hazardous materials that will require abatement or removal prior to rehabilitation or demolition of structures. EDA funds will be used to fill in the gaps in our knowledge of asbestos, lead-based paint, and other hazardous materials in the buildings throughout the Pier 70 master plan area. Hazardous building materials such as lead-based paint and asbestos are readily managed in place and are well-understood risks in the development industry. Abatement and management procedures for hazardous building materials are very proscribed by regulation, and costs are relatively predictable. Consequently, quantifying hazardous building materials does not pose the same risk of triggering remediation requirements. However, hazardous building materials will have to be identified and abated to applicable standards before buildings can be demolished or rehabilitated. Identifying the specific locations and quantities of hazardous building materials will inform estimates of development costs and scope of subsequent hazardous building materials removal.

- **Removal or abatement of hazardous building materials.** Staff anticipates that a substantial balance of EDA grant funds will remain after completion of the above-described tasks. In accordance with the scope of work proposed to EDA, the Port will use the remaining funds to abate and/or remove hazardous building materials as-needed to enable preservation of historic resources. Such abatement will be prioritized based on buildings' historic value and/or suitability for re-use. The amount of hazardous building materials abatement that can be accomplished will depend on the amount of funds available.

EDA funds will also be used to support public outreach efforts and pay regulatory agency fees. The Port will enter into a voluntary oversight agreement with either the San Francisco Bay Regional Water Quality Control Board or the Department of Toxic Substances Control to oversee the brownfields site investigation. Under this agreement, the Port will receive technical oversight and regulatory review of investigation and cleanup plans, and will in return reimburse the designated agency for staff time and related costs to provide such oversight. Participation in a voluntary oversight agreement generally facilitates the agency's ability to provide timely and responsive oversight services, and helps to ensure that the work conforms to applicable policies and regulations. Public outreach and participation will be done primarily through existing Port advisory groups, but will also likely require project-specific meetings, presentation materials, and

coordination with regulatory agency staff to meet specific agency requirements for public participation.

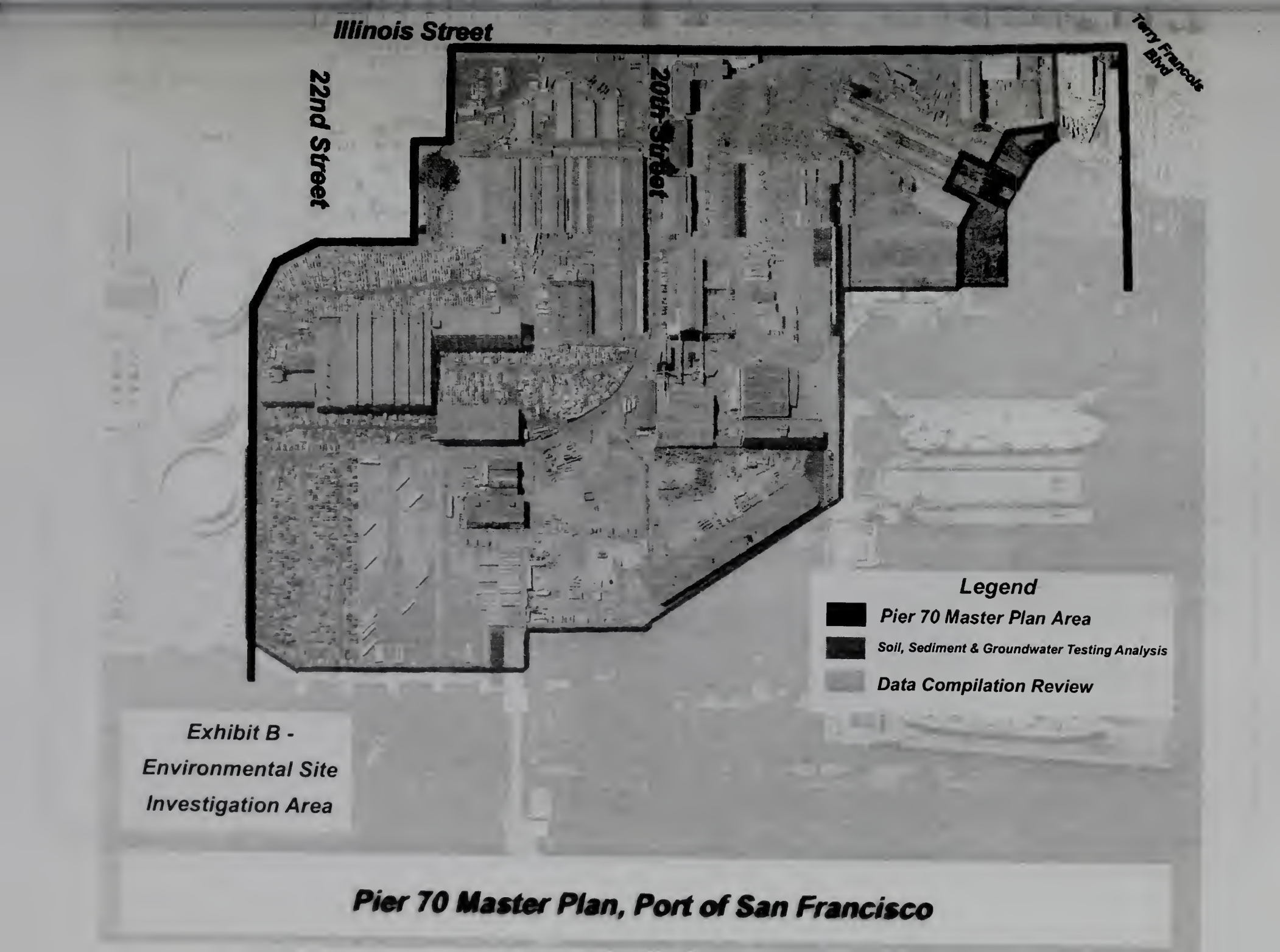
Next Steps

Port staff and its Pier 70 consultant teams are continuing public outreach on the development framework and developing a draft Preferred Master Plan. Previous efforts to initiate development at Pier 70 have suffered from uncertainty about conditions that impact development feasibility and cost, including environmental contamination. The lack of understanding about the contaminants and the potential cost to either clean up or remediate remains a significant impediment to implementation of the Master Plan. The proposed brownfields investigation will help to inform the Master Plan on appropriate land use, design and construction methods, development cost, and potential future remediation or mitigation options. In doing so, the further investigation will eliminate a significant barrier to the adaptive reuse and infill development at Pier 70.

At its May 13, 2008 meeting, staff will seek authorization from the Port Commission to apply for, accept, and expend EDA funds, and authorization to issue a Request for Proposals for an environmental consulting team to conduct brownfields site investigation, feasibility study, and remedial action planning. Future staff reports will provide additional information on the EDA grant process and the scope and schedule for the environmental investigation.

Prepared by: Carol Bach, Environmental and Regulatory Affairs Manager,
Planning & Development Division

Illinois Street
22nd Street
20th Street
Terry Francois Blvd
Exhibit A -
Pier 70 Master Plan
Area
Pier 70 Master Plan, Port of San Francisco


Illinois Street
22nd Street
20th Street
Terry Francois Blvd
Legend
Pier 70 Master Plan Area
Soil, Sediment & Groundwater Testing Analysis
Data Compilation Review
Exhibit B -
Environmental Site
Investigation Area
Pier 70 Master Plan, Port of San Francisco

N
W E
S

Legend

Sampling Location

- Groundwater
- Sediment
- Soil
- Surface Water

Notes:

1. Buildings, surface features, and road edges digitized from digital orthophotos 10SEG535775.tif and 10SEG535790, California Spatial Information Library (CASIL) UC Davis, ca 2005, http://archive.casil.ucdavis.edu/casil/.
2. Shoreline based upon San Francisco Enterprise GIS, *Extended San Francisco Shoreline Shapefile*, http://gispub02.sfgov.org/website/sfshare/catalog/sfshoreext.zip.
3. Map displayed in California State Plane Coordinate System, Zone III, North American Datum of 1983 (NAD83). US Survey Feet.

0 150 300 600
Feet

4-9-08 Exhibit C - Sampling Location Map

PIER 70 AREA
San Francisco, California

SAMPLING LOCATION MAP WITH AERIAL PHOTO

Date 3/10/2008	Project 4554.02	Figure 1

Treadwell&Rollo

Treadwell & Rollo C:\GIS\4554 Pier 70\arcmap_doc\2008\4554.02-003.mxd 10 March 2008

PORT OF SAN FRANCISCO

MEMORANDUM

April 15, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Contracting Activity Quarterly Report – Fiscal Year 2007/08;
3rd Quarter Period January 1, 2008 through March 31, 2008

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a $200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economies as-needed contracts.)

2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:

   - Contracting activity for the current reporting period
   - Anticipated contracting activity for the upcoming quarter
   - Estimated staffing numbers and projects related to the as-needed contract services.

This Print Covers Calendar Item No. 10A

3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

   The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Disadvantaged Business Enterprise (Local Business Enterprise) subcontracting participation goal of 20%. This means that 20% of all of contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

   In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities, such as the Port, shall take specified steps in utilizing the good faith efforts to maximize opportunities for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These steps of good faith are described in each solicitation for a Port lease, franchise, concession and other contracts such as development agreements.

   Definitions

   1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that can not otherwise be performed by existing City and County of San Francisco staff. The Port has twelve as-needed contracts that have a total authorized contracting capacity of $8,150,000.
   2. *Professional Service Contracts* procured through a *formal* contracting process
   -contracts valued greater than $29,000
   3. *Professional Service Contracts* procured through an *informal* contracting process
   contracts valued at less than $29,000
   4. *Construction Service Contracts*
   -public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City
   5. *Information Technology Contracts*
   acquisition of computer hardware, software, peripherals and appropriate network, *consulting, maintenance, training and support services, as well as any successor contracts*
   6. *General Services Contracts*
      - an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

Based upon the above information, this report is divided into two sections to cover each of the legally mandated reporting requirements consisting of: 1) Administrative Code Section 6.64 –

As-Needed Contracting Activity; and 2) Administrative Code Section 14(b) - All other Contracting Activity.

SUMMARY

For the current reporting period, the Port exceeded its 20% subcontracting goal by awarding Contract Service Orders under the as-needed professional service contracts that included 35.74% Local Business Enterprise participation. A total of $550,082 was awarded in Contract Service Orders with $196,619 being awarded to Local Business Enterprises as subcontracts. As of March 31, 2008, out of $8,150,000 in Master Agreement contracts with twelve firms, $3,169,272 had been awarded in Contract Service Orders. Of the total CSOs issued as of March 31, 2008, $664,164 had been awarded to LBE firms under the as-needed contracts for a subcontract participation rate of 20.96%. Thus, the Port has exceeded its overall goal of 20% for as-needed professional service contracts.

Staff has requested that the HRC provide a review of the Port's contracting activity to assure that the subcontracting goals required on Port contracts are reasonable with respect to the type of work required and the availability of qualified LBE firms that can and are willing to perform the work. Staff anticipates that such a report will be completed by the HRC by no later than the first quarter of FY 2008/09. When that HRC report is made available to staff, it will be included as a part of the quarterly contracting activity report for the upcoming Port Commission meeting.

DISCUSSION

PART I. As-Needed Professional Services Contracting Activity Administrative Code Section 6.64

This as-needed contracting activity report covers the 3rd Quarter (January 1, 2008 through March 31, 2008) period for Fiscal Year 2007/08. No as-needed construction-related professional service Contract Service Order exceeded the $200,000 Administrative Code limit for a public works project during this quarter. One as-needed non-construction related professional service Contract Service Order did exceed the $200,000 Port policy limit of $200,000. That Contract Service Order included an increase of $300,000 for the Pier 70 Master Planning effort and was approved by the Port Commission at its February 26, 2008 meeting.

The detailed achievement (dollars and percentages) for each of the twelve as-needed consultant contracts is included in Exhibit 1 to this report. The following chart illustrates subcontract participation rates for the two types of as-needed contracts used at the Port. The Construction-related Professional Services Contracts (Engineering, Environmental & Construction Support Services) are used primarily by the Engineering Division. The Non-Construction-related Professional Services Contracts (Real Estate Economics and Related Consulting Services) are used primarily by the Planning Division.

FY 2007/08 – 3rd Quarter As-Needed Contract Service Order LBE Subcontract Participation			
Construction-related Professional Services			
Beginning Cumulative*	FY 2007-08 Q1, Q2 YTD	Current Quarter (Q3)	Cumulative To Date**
18.94%	18.1%	31.06%	19.86%
$282,196	$101,275	$65,072	$448,543
Non-Construction-related Professional Services (Real Estate Economics and Related Consulting Services)			
Beginning Cumulative*	FY 2007-08 Q1, Q2 YTD	Current Quarter (Q3)	Cumulative To Date**
5.05%	33.95%	38.62%	23.69%
$19,089	$64,986	$131,546	$215,621
Combined As-Needed Contract Professional Services			
Beginning Cumulative*	FY 2007-08 Q1, Q2 YTD	Current Quarter (Q3)	Cumulative To Date**
14.96%	22.14%	35.74%	20.96%
$301,285	$166,261	$196,618	$664,164

*Beginning Cumulative = Since contract inception period July 2006
**Cumulative to date = Since contract inception period July 2006 through March 31, 2008

Anticipated As-Needed Contracting Activity for the Upcoming Quarter
(April 1, 2008 – June 30, 2008)

Real Estate and Related Consulting Services

Description of Work	Estimated Dollar Amount	Project
Economic/development feasibility analysis of the Agriculture Building, the Ferry Building Parking Structure, and related Design Plans for nearby open space areas.	$100,000	Ferry Building Area Planning
Transportation demand management strategies	$10,000	Seawall Lot 337
Traffic Flow Analysis	$80,000	Pier 27
Data compilation of hazardous building materials	$30,000	Pier 70 Environmental
TOTAL ESTIMATED AMOUNT	**$220,000**	

Construction-related Professional Services

Description of Work	Estimated Dollar Amount	Project
Environmental Education and Outreach (As-Needed Environmental)	$30,000	Fisherman's Wharf Public Outreach
Design for repair of existing substructure of bridge leading to Sinbad Restaurant and Agriculture building east apron repair	$50,000	Sinbad Bridge & Ag Blg Walkway Repair
Assessment & Repair Plan	$60,000	Wharf J-9 Seawall
Environmental Investigation Work	$25,000	Pier 90
Portwide Utility Mapping Project	$200,000	Portwide Utility Mapping System
Environmental (Migratory Birds)	$25,000	Pier 80 Roofing Project
Roof Truss End Connections Engineering	$12,000	Pier 35
Develop a Sewer System Management Program	$160,000	Sewer System Management
Design Development for automated bilge treatment system	$15,000	SWL 303; Hyde Street
Transformer Evaluation & Recommendations	$70,000	Piers 68/70
TOTAL ESTIMATED AMOUNT	**$622,000**	

Staffing Numbers

PORT OF SAN FRANCISCO
Staffing Activity for Fiscal Year 2007/08
3rd Quarter, 1/1/08 – 3/31/08

Class/Title	Activities
1042 IS Engineer - Journey	Reclassed from 1022 in FY 07-08; position filled 1/14/08
1042 IS Engineer - Journey	Reclassed from 1023 in FY 07-08; position filled 1/14/08
5207 Assoc. Engr. (Civil/Structural)	Conducted recruitment to fill a temporary position to substitute a permanent employee on leave of absence; Engineering management decided not to fill the temporary vacancy; recruitment cancelled.
1824 Prin. Admin. Analyst (Financial Analysis)	Position filled from Employment Registry; employee to start 4/21/08.
9395 Property Mgr.	One position vacated thru exempt promotion with another agency; another vacated thru "unsatisfactory resignation"; positions filled from eligible list eff. 3/10/08
1043 IS Engineering-Senior	Reclassed from 1024 in FY 07-08; funds currently used by Jim Aragon (class 1024).

PART II. All Other Contracting Activity
San Francisco Administrative Code Section 14(b)

This section of the report covers the Port Commission's request to expand reporting of contracting activity to include all Port contracts. This section of the report also addresses the new San Francisco Administrative Code Section 14(b) requirement to report activities to assure nondiscrimination in contracting to MBEs, WBEs and OBEs.

The San Francisco Human Rights Commission (HRC) has determined that the Port's contracting activities and the prime contractors/consultants have made a good faith effort to comply with the City and County of San Francisco Local Business Enterprise program, for the most part. There are issues concerning compliance with the LBE subcontracting goal for the Port's Security Guard Services contract. That contract includes a subcontracting goal of 20%. This is the first time that a subcontracting goal has been applied to the Port's security guard services contract. The contract was awarded to Cypress Security.

As reported in the previous quarterly report, the listed LBE firm, SRK Security Services terminated its subcontract effective December 31, 2007. The Port has since worked with Cypress Security to replace SRK Security Services with another LBE firm. Cypress Security selected McCoy's Security and the Port accepted the replacement.

Port Contracting Activity (Non As-Needed Contracts) 3rd Quarter FY 2007/08
*To Date includes Q1, Q2 and Q3

General Service Contracts					
Contract Date	**Contractor Name**	**Contract Amount**	**LBE Amount**	**LBE %** (subcontracting)	**Project Description**
NONE					
TO DATE		$398,856	$79,771	20%	
Formal Professional Service Contracts					
Contract Date	**Contractor Name**	**Contract Amount**	**LBE Amount**	**LBE %** (subcontracting)	**Project Description**
NONE					
TO DATE	**Total**	$249,341	$57,348	23%	
Informal Professional Service Contracts					
Contract Date	**Contractor Name**	**Contract Amount**	**LBE Amount**	**LBE %**	**Project Description**
1/11/08	Scott Consulting Team	$50,000	$50,000 (Set-aside)	100%	Strategic Planning Meeting Facilitation
2/6/08	Corey, Canapary & Galanis Research	$4,425	0	0%	Parking Regulation Focus Group
	Total	**$54,425**		**No Goals**	
TO DATE	TOTAL	$107,425	$50,000	46.5%	
Construction Services Contracts					
Contract Date	**Contractor Name**	**Contract Amount**	**LBE Amount**	**LBE %** (subcontracting)	**Project Description**

NONE					
TO DATE	**Totals**	$6,402,251	$1,224,104	19.12%	
As-Needed Construction Services Contracts (Fire Protection & Security Systems)					
Contract Date	**Contractor Name**	**Contract Amount**	**LBE Amount**	**LBE %** (subcontracting)	**Project Description**
NONE					
TO DATE	**Totals**	$69,700	$8,128	11.66%	**No goals required.**

Information Technology Contracting Activity.
NONE REPORTED.

Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs
To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.

- Availability statistics in percentages are included in advertising for all formally procured contracts.

- Outreach through Minority, Women and Local media

- Direct mailing, faxing and e-mailing of procurement opportunity notices

- Identifying set-aside opportunities exclusively for Micro-LBE firms

- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.

- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

RECOMMENDATION

The attached report is submitted to meet the requirements stated in the report Background. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator
for: Tina Olson, Director of Finance & Administration

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Michael Seville
Department of Public Works, James Chia
Human Rights Commission, Selormey Dzikunu

EXHIBITS:

1) As-Needed Master Agreement Contracting Capacity Status Report as of March 31, 2008

2) FY 2007-08 3rd Qtr (January 1, 2008 – March 31, 2008): Contract Service Orders Awarded and DBE Participation

3) Cumulative and Year to date Detailed Summary of DBE Participation (Cumulative is based upon from the contract inception period July 2006 (Beginning) to current reporting period (Ending)

Consultant Name	Abbrev.	Title of Master Agreement	NTE Contract Amount	CSO Issued to Date	Contract Balance
Creegan & D'Angelo	CD	Architectural & Engineering	$ 1,500,000.00	$ 1,043,588.97	$ 456,411.03
Treadwell & Rollo/Hydroconsult	TH	Environmental Services	$ 650,000.00	$ 408,631.52	$ 241,368.48
Weiss Associates	WA	Environmental Services	$ 650,000.00	$ 128,724.00	$ 521,276.00
Bay Area Economics	BAE	Real Estate Economics & Related Services	$ 550,000.00	$ 155,060.00	$ 394,940.00
BDI/ECS	EB	Construction Support Services	$ 500,000.00	$ 125,192.40	$ 374,807.60
Economic Planning Systems	EPS	Real Estate Economics & Related Services	$ 550,000.00	$ 499,834.00	$ 50,166.00
Keyser Marston Associates	KMA	Real Estate Economics & Related Services	$ 550,000.00	$ 23,423.00	$ 526,577.00
Maritime Construction Coalition	MC2	Construction Support Services	$ 500,000.00	$ 59,723.00	$ 440,277.00
Tom Eliot Fisch/Winzler & Kelly	TW	Architectural & Engineering	$ 1,500,000.00	$ 411,098.53	$ 1,088,901.47
CBRE Consulting	CBRE	Real Estate Economics & Related Services	$ 550,000.00	$ 232,024.93	$ 317,975.07
URS/Avila	URS	Environmental Services	$ 650,000.00	$ 81,971.22	$ 568,028.78
TOTAL			**$ 8,150,000.00**	**$ 3,169,271.57**	**$ 4,980,728.43**

*One remaining as-need Construction Support Services contract in the amount of $500,000 was not executed due to the lack of available work and the ability for this LBE prime consultant to receive more work as a subcontractor under the Creegan & D'Angelo Master Agreement.

FY 07-08 3rd QTR (January 1, 2008 - March 31,2008): Total Contract Service Order Awarded

Consultant	CSO #	CSO Date	Description	CSO Amount	DBE Amount	DBE %
CBRE Consulting	CBRE-02	02/11/08	Site Development Consulting Mod #1	$ 40,600.00	$ 33,556.00	82.65%
Creegan + D'Angelo	CD-02	02/28/08	Pier 35 Façade Repaid-Electrical Mod #3	$ 19,219.00	$ 18,315.00	95.30%
Creegan + D'Angelo	CD-07	02/13/08	Illinois Street Bridge Project Mod #1	$ 26,360.00	$ -	0.00%
Creegan + D'Angelo	CD-15	02/28/08	Engineering Services for Appeal of FEMA Mod #1	$ 10,000.00	$ 8,064.00	80.64%
Creegan + D'Angelo	CD-16	02/11/08	Hyde Street Harbor Fuel Dock Substructure	$ 88,093.94	$ 20,582.80	23.36%
Economic Planning	EPS-01	03/21/08	Pier 70 Master Plan Mod #1	$ 300,000.00	$ 97,990.00	32.66%
Maritime Construct.	MC2-03	01/29/08	Railroad Track Inventory & Mapping Mod #1	$ 4,000.00	$ -	0.00%
Maritime Construct.	MC2-03	02/12/08	Railroad Track Inventory & Mapping Mod #2	$ 12,000.00	$ -	0.00%
Tom Elliot/Winzler	TW-01	02/28/08	Pier 35 Façade Repair & Related Mod # 2	$ 6,400.00	$ 4,725.00	73.83%
Tom Elliot/Winzler	TW-11	02/05/08	Elevator/Escalator Equip Condition Eval Report	$ 7,166.71	$ -	0.00%
URS/Avila	URS-01	03/17/08	Storm Water Program Mod # 1	$ 14,054.25	$ 13,385.00	95.24%
Weiss Associates	WA-02	03/06/08	Wharf J10 Technical Support Mod # 5	$ 22,188.00	$ -	0.00%
TOTAL				**$ 550,081.90**	**$ 196,617.80**	**35.74%**

FY 2007-08 3rd QUARTER (January 1, 2008 - March 31, 2008)

Total Summary for As-Needed Contracts by Quarter (Combined)

	Beginning FY Cumulative*			FY 07-08 YTD Previous Qtr			FY 07-08 3rd Quarter			Ending Cumulative to Date		
Consultant	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Creegan & D'Angelo	$ 686,431	$ 117,803	17.16%	$ 213,485	$ 43,668	20.45%	$ 143,673	$ 46,962	32.69%	$ 1,043,589	$ 208,433	19.97%
Treadwell/HydroCon	$ 376,553	$ 67,581	17.95%	$ 32,079	$ 2,998	9.35%	$ -	$ -	0.00%	$ 408,632	$ 70,579	17.27%
Weiss Associates	$ -	$ 49,011	33.57%	$ 106,536	$ 24,914	23.39%	$ 22,188	$ -	0.00%	$ 128,724	$ 73,925	57.43%
Bay Area Economics	$ 155,060	$ -	0.00%	$ -	$ -	0.00%	$ -	$ -	0.00%	$ 155,060	$ -	0.00%
BDI/ECS JV	$ 115,192	$ -	0.00%	$ 10,000	$ 2,000	20.00%	$ -	$ -	0.00%	$ 125,192	$ 2,000	1.60%
Economic Planning Sys.	$ 199,834	$ 19,089	9.55%	$ -	$ -	0.00%	$ 300,000	$ 97,990	32.66%	$ 499,834	$ 117,079	23.42%
Keyser Marston Assoc.	$ 23,423	$ -	0.00%	$ -	$ -	0.00%	$ -	$ -	0.00%	$ 23,423	$ -	0.00%
MCC2 JV	$ 23,761	$ -	0.00%	$ 19,962	$ -	0.00%	$ 16,000	$ -	0.00%	$ 59,723	$ -	0.00%
TEF/Winzler Kelly JV	$ 266,369	$ 47,801	17.95%	$ 131,163	$ 21,513	16.40%	$ 13,567	$ 4,725	34.83%	$ 411,099	$ 74,039	18.01%
CBRE Consulting	$ -	$ -	0.00%	$ 191,425	$ 64,986	33.95%	$ 40,600	$ 33,556	82.65%	$ 232,025	$ 98,542	42.47%
URS/Avila JV	$ 21,477	$ -	0.00%	$ 46,440	$ 6,182	13.31%	$ 14,054	$ 13,385	95.24%	$ 81,971	$ 19,567	23.87%
TOTAL	**$ 2,014,102**	**$ 301,285**	**14.96%**	**$ 751,090**	**$ 166,261**	**22.14%**	**$ 550,082**	**$ 196,618**	**35.74%**	**$ 3,169,272**	**$ 664,164**	**20.96%**

Total Summary for Construction-related Professional Services Only

	Beginning FY Cumulative*			FY 07-08 YTD Previous Qtr			FY 07-08 3rd Quarter			Ending Cumulative to Date		
Consultant	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Creegan & D'Angelo	$ 686,431	$ 117,803	17.16%	$ 213,485	$ 43,668	20.45%	$ 143,673	$ 46,962	32.69%	$ 1,043,589	$ 208,433	19.97%
Treadwell/HydroC JV	$ 376,553	$ 67,581	17.95%	$ 32,079	$ 2,998	9.35%	$ -	$ -	0.00%	$ 408,632	$ 70,579	17.27%
Weiss Associates	$ -	$ 49,011	33.57%	$ 106,536	$ 24,914	23.39%	$ 22,188	$ -	0.00%	$ 128,724	$ 73,925	57.43%
BDI/ECS JV	$ 115,192	$ -	0.00%	$ 10,000	$ 2,000	20.00%	$ -	$ -	0.00%	$ 125,192	$ 2,000	1.60%
MCC2 JV	$ 23,761	$ -	0.00%	$ 19,962	$ -	0.00%	$ 16,000	$ -	0.00%	$ 59,723	$ -	0.00%
TEF/Winzler Kelly JV	$ 266,369	$ 47,801	17.95%	$ 131,163	$ 21,513	16.40%	$ 13,567	$ 4,725	34.83%	$ 411,099	$ 74,039	18.01%
URS/Avila JV	$ 21,477	$ -	0.00%	$ 46,440	$ 6,182	13.31%	$ 14,054	$ 13,385	95.24%	$ 81,971	$ 19,567	23.87%
TOTAL	**$ 1,489,783**	**$ 282,196**	**18.94%**	**$ 559,665**	**$ 101,275**	**18.10%**	**$ 209,482**	**$ 65,072**	**31.06%**	**$ 2,258,930**	**$ 448,543**	**19.86%**

Total Summary for Non-Construction-related Professional Services Only

	Beginning FY Cumulative*			FY 07-08 YTD Previous Qtr			FY 07-08 3rd Quarter			Ending Cumulative to Date		
Consultant	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Bay Area Economics	$ 155,060	$ -	0.00%	$ -	$ -	0.00%	$ -	$ -	0.00%	$ 155,060	$ -	0.00%
Economic Planning Sys.	$ 199,834	$ 19,089	9.55%	$ -	$ -	0.00%	$ 300,000	$ 97,990	32.66%	$ 499,834	$ 117,079	23.42%
Keyser Marston Assoc.	$ 23,423	$ -	0.00%	$ -	$ -	0.00%	$ -	$ -	0.00%	$ 23,423	$ -	0.00%
CBRE Consulting	$ -	$ -	0.00%	$ 191,425	$ 64,986	33.95%	$ 40,600	$ 33,556	82.65%	$ 232,025	$ 98,542	42.47%
TOTAL	**$ 378,317**	**$ 19,089**	**5.05%**	**$ 191,425**	**$ 64,986**	**33.95%**	**$ 340,600**	**$ 131,546**	**38.62%**	**$ 910,342**	**$ 215,621**	**23.69%**

*Fiscal Year (FY) Beginning Cumulative reflects initial Master Agreement start dates in July 2006.

PORT OF SAN FRANCISCO

MEMORANDUM

April 15, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Viee President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Exeeutive Direetor

SUBJECT: Request approval of a Memorandum of Understanding No. M-14510 for a term of 36 months with the Offiee of the Chief Medieal Examiner for the Rental of approximately 75,000 square feet of property (potentially at Pier 70 or Pier 96) as available and when needed for an Alternate Operations Center

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

I. Background

The Offiee of the Chief Medieal Examiner ("OCME") eurrently operates its morgue facilities in the Hall of Justiee. OCME requires the use of faeilities for an alternate operational eenter in the event of an emergency, natural or man made disaster. The center will be used for office trailers, morgue serviees, parking, and storage.

Under to the terms of the MOU, following a declaration of an emergency by the Mayor or his or her designee, OCME would have aeeess to rent Port property or properties that are listed on a eontingeney property list. The list would contain sites eonsisting of approximately 75,000 square feet of Port property as available and when needed as provided by this MOU.

The Port's Executive Direetor or her designee will confirm whether or not sueh property or properties is or are available for the time period requested. If no properties from the contingeney list are available, the Port and OCME will use their best efforts to find another available Port property or properties.

THIS PRINT COVERS CALENDAR ITEM NO. 11A

As a condition of the MOU, OCME is required to provide the Port an Operations Plan detailing the storage, labeling, disposal or accidental release of materials used in morgue operations, as well as training requirements for OCME staff due to the significant inventory of hazardous materials, which are largely laboratory chemicals. To satisfy this requirement, the OCME has submitted its Emergency Response Plan. Port staff has reviewed this plan and accepted it in satisfaction of the Operations Plan requirement.

II. Proposed Terms

Term:	Thirty Six (36) months.
Premise:	Approximately 75,000 square feet from a predetermined contingency list of Port properties.
Use:	Alternate Operational Center and for no other purpose.
Effective:	May 1, 2008
Use Fee:	OCME shall pay a Use Fee equal to the total rent per square feet of the then current Port Commission Approved Monthly Minimum Rental Rate Schedule for the then current fiscal year for the Premises or like situated Port properties.
Maintenance:	Solely the responsible of OCME.
Utilities:	Solely the responsibility of the OCME.

III. Recommendation

Port staff recommends that the Port Commission approve the Memorandum of Understanding No. M-14510 between the Port of San Francisco and the Office of the Chief Medical Examiner for the rental of approximately 75,000 square feet of Port property as available and when needed from the predetermined Port property contingency list as provided by this MOU.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-22

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the Office of the Chief Medical Examiner ("OCME") requires a temporary facility for an Alternate Operational Center to be used for morgue services in cases of emergencies, natural or man made disasters; and

WHEREAS, Port is willing to rent property as available, and the OCME has agreed on certain terms and conditions memorialized in a Memorandum of Understanding No. M-14510; and

WHEREAS, the Port has received a Class One Categorical Exemption under the California Environmental Quality Act (CEQA) for temporary uses from the City's Planning Department; now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves the Memorandum of Understanding No. M-14510 with the OCME. Following said approval, the Port Commission authorizes the Executive Director of the Port, or her designee, to execute the same on behalf of the Port in such form as is approved by the City Attorney.

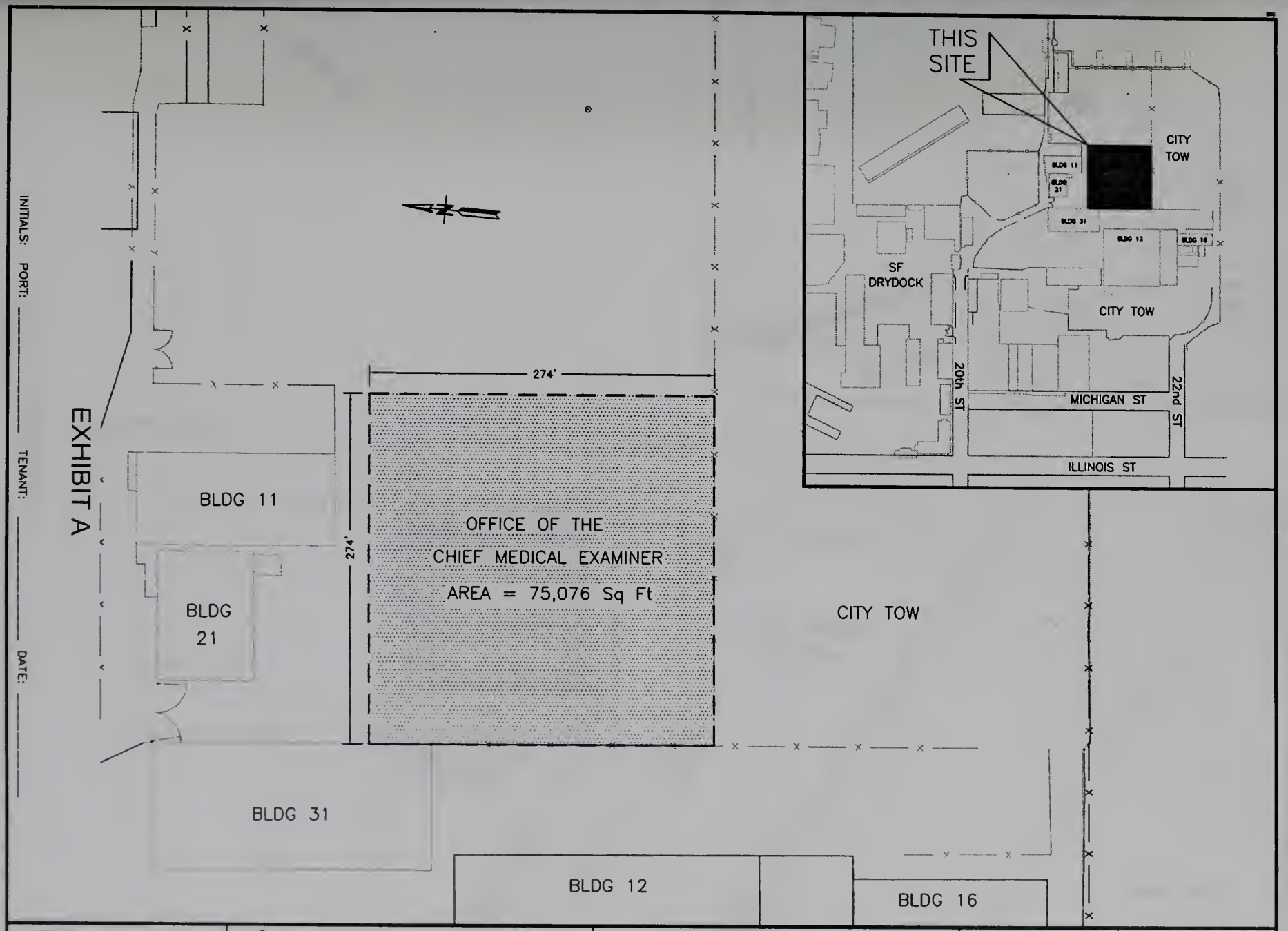
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 22, 2008.

_____

Secretary

EXHIBIT A

CONTINGENCY LIST



LEASE NO.		TENANT		
M-14510	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	OFFICE OF THE CHIEF MEDICAL EXAMINER	DRAWN BY: ECC CHECKED BY: J. BAUER PLACE CODE NO. 3490-00	DATE: MAR 14, 2008 SCALE: 1" = 100' SHEET NO. OF SHEETS

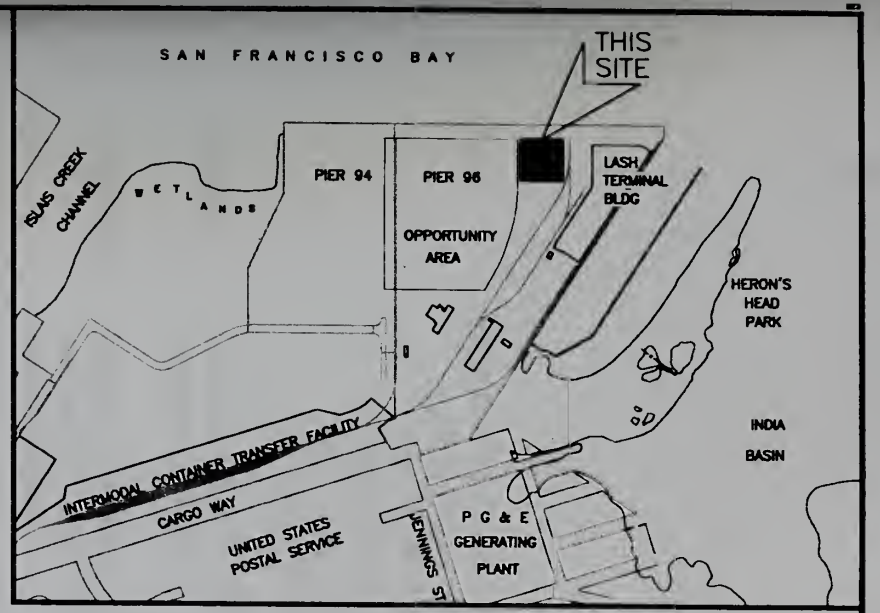
G:\06 PROPERTY FILES\Lease Maps\EXHIBITS-SWL\SWL340-OCME.dwg

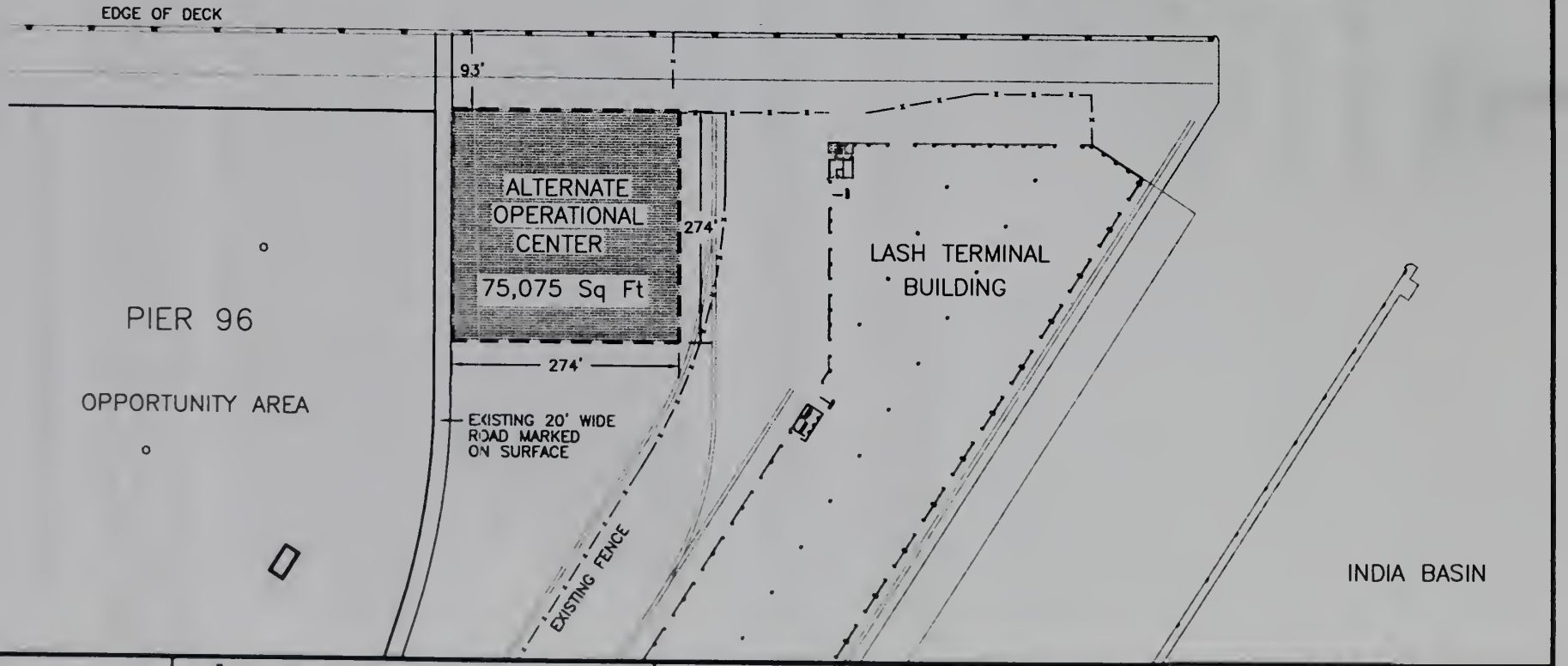
EXHIBIT A

INITIALS: PORT: _____

TENANT: _____

DATE: _____





LEASE NO. M-14510	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT OFFICE OF THE CHIEF MEDICAL EXAMINER	DRAWN BY: ECC CHECKED BY: J. BAUER PLACE CODE NO. 1960-DECK1 DATE: JAN 18, 2008 SCALE: 1" = 200' SHEET NO. OF SHEETS

PORT OF SAN FRANCISCO

MEMORANDUM

April 16, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Authorization to Issue a Request for Proposal (RFP) for grant to a 501c3 non-profit organization for a Youth Employment Program to Help Maintain the Port's Property

DIRECTOR'S RECOMMENDATION: ADOPT ATTACHED RESOLUTION

Background and Description of the Proposed RFP

During its review of the Port's FY 2004-05 budget, the Board of Supervisors appropriated $150,000 of the Budget Analyst's cuts to fund a youth employment program at the Port aimed at providing jobs to economically disadvantaged and/or at-risk San Francisco youth ages 16 through 24. At that time, Port staff determined that we could benefit from a program that supported the Port's efforts to maintain landscaped areas including weed abatement, hand watering and manual fertilization of Port plants, graffiti removal, and litter removal. Subsequently, the Port entered into a four year grant agreement with the San Francisco Conservation Corps (SFCC) for these services, which expires on June 30, 2008.

Port staff have been really satisfied with the SFCC's services provided to date. They complete the landscaping and related projects they commit to in a timely manner and of good quality and they work well with the staff in the Port's Maintenance Division. In addition, the City's policy makers continue to express a strong desire for City departments to have youth employment programs. As a result, Port staff recommend that we continue this program and increase the annual funding by $50,000, from $150,000 to $200,000 in the Port's FY 2008-09 budget.

In addition, Port staff are proposing to issue a Request for Proposal (RFP) to 501c3 non-profit organizations to continue the Port's successful youth employment program to help maintain the Port's property. We estimate that a contractor should be able to employ approximately 12 to 13

This Print Covers Calendar Item No. 12A

youth annually with the $200,000 at approximately $11 to $12 per hour for varying days and/or weeks depending on whether they are in school. We estimate that the selected contractor will require two supervisors to oversee the youths' work in the field as well as a contract manager to be the Port's main point of contact.

Port staff propose a 4-year grant agreement, subject to continued funding allocations, to allow the Port flexibility to continue the program if it remains successful and to terminate it if our financial condition worsens.

The selected contractor will recruit, hire, provide work readiness and safety training, and provide supervision for the youth employees. Port staff will designate specific Port areas for the youth to maintain. Port staff and the contractor will regularly meet to identify and develop strategies to avoid potential safety hazards. Port staff will inspect the areas to determine performance levels and consult with the contractor to assure acceptable service performance levels are maintained. Port staff will provide the contractor with initial safety orientations and the supplies used by the youth employees such as vests, hats, bags, and brooms.

Mayor's Office of Economic and Workforce Development (MOEWD)
In 2007, the City enacted an ordinance requiring the centralization of the City's workforce development efforts under MOEWD. One of the primary reasons for this change was that the existing, disparate workforce development efforts taking place across multiple City departments made it impossible to get a larger understanding of the City's progress. The key to addressing this problem is to standardize data gathering and reporting, which can then be aggregated by MOEWD and analyzed on a City-wide basis.

MOEWD has indicated their willingness to continue the Port's initiation and management of our existing workforce development program, so long as the Port's contractor complies with MOEWD's reporting requirements. Therefore, the Port's RFP will require that the contractor conduct all program reporting to MOEWD in the form and frequency required by MOEWD.

Funding
The RFP anticipates a youth employment program of $800,000 aggregated over a four year period, or $200,000 annually, which will be funded from the Port's annual operating budget. To the extent the program continues to be successful, and depending on the Port's financial condition, Port staff intend to request $200,000 in subsequent annual budgets through FY 2011-12 to fund this program and contract.

RFP and Grant Agreement Award Schedule
The proposed RFP schedule is as follows:

Proposal Phase	**Date**
RFP is advertised and issued by the City	May 12, 2008
Pre-proposal conference	May 29, 2008

Deadline for submission of written questions or requests for clarification	June 9, 2008
Proposals due and received no later than 5 p.m.	June 23, 2008
Technical Review Period	Through June 30, 2008
Oral interview with firms selected for further consideration	July 7, 2008
Notify Successful Candidate	July 14, 2008
Grant Agreement Negotiation Period	July 15 – August 4, 2008
Anticipated Notice to Proceed Upon Grant Agreement Certification	September 2, 2008

Extension to Existing Grant Agreement

As noted above, the Port's existing youth employment grant agreement with SFCC expires June 30, 2008. Because we do not anticipate having a new grant agreement in place before September 2008, Port staff intend to request a modification to SFCC's contract to add three months of service at an additional cost of $50,000. Port staff plan to bring this item to the Port Commission at its May 13, 2008 meeting.

Summary

Port staff recommend that the Commission authorize the issuance of a Request for Proposals to provide a youth employment program to help maintain Port property for a four-year contract term, as described in this staff report.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-23

WHEREAS, since 2004, the Port has, with successful results, contracted with a non-profit organization to operate a youth employment program targeting economically disadvantaged and/or at-risk youth; and

WHEREAS, the Port continues to need assistance in maintaining its property for which youth can be employed; and

WHEREAS, the Port does not have the expertise to directly recruit, hire, provide work readiness training, and supervision for the youth employees; and

WHEREAS, Port staff are proposing to issue a Request for Proposal (RFP) for grant to a 501c3 non-profit organization to organize, implement, and administer a youth employment program to help maintain the Port's property; and

WHEREAS, after solicitation and evaluation of proposals, Port staff will seek Commission authorization to award a grant for the services described herein for a 4-year term, based on available funding; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to issue a Request for Proposal (RFP) for grant to a 501c3 non-profit organization for a youth employment program to help maintain Port property.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 22, 2008.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

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APRIL 22, 2008
MINUTES OF THE MEETING

DOCUMENTS DEPT.

MAY - 9 2008

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MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
APRIL 22, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:03 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky arrived at 3:15 p.m.

2. APPROVAL OF MINUTES - April 8, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor. The minutes of the April 8, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: SWL 352 at Amador Street
Person Negotiating: Port: Brad Benson, Special Projects Manager
*Raisch Products, Inc.: Doug Raisch
*SF Recycling & Disposal: Maurice Quillen

b. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels
THIS ITEM WAS TAKEN OFF THE CALENDAR

c. Property: Piers 27-31 and Piers 30-32
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Richard Fried

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong moved approval to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Earth Day – April 22, 2008: The Earth Day event booths that are in front of the Ferry Building at Herb Caen Way provide information about things that we can be doing for the environment. The Port is doing several things related to improving our role in the world:

  First and foremost, we are pursuing the stormwater treatment swales in the Southern Waterfront and the San Francisco Stormwater Design Guidelines will be presented to the Commission on May 13, 2008. To the best of our knowledge, we are at the forefront on this issue not only for the department of the city but also for an entity located on the San Francisco bay. We have a number of green tenants particularly in the southern waterfront who recycle metal and other recyclables (Sims and Norcal), a great contribution particularly at Piers 70 and 96. Many of our Port's restaurants have started their own recycling programs. Scoma's and the Ferry Building restaurants have been recognized by the Dept. of Environment (DOE) for their contributions. We are proposing to move forward with a green

cruise ship terminal at Pier 27 which staff will be talking to the Commission in greater detail this summer. Among other things, we are working on some fabulous ideas which include the shoreside power program that we've received funding for and some solar power ideas.

At 11:30 this morning, the Port participated with several departments of the City and Mayor Newsom's office in the ground-breaking ceremony for The EcoCenter at Heron's Head Park. HHP was once the site of bulldozed materials. It was going to be a site for development for the Port. Ten years ago, the Port Commission turned it into a fabulous park and wildlife refuge area with some of our own funds and help from the Coastal Conservancy. Today, we were able to break ground on a new EcoCenter with the help of the DOE who is providing funding, the Mayor's office, the Coastal Conservancy, the Port of San Francisco, and the Goldman Fund. This will be a facility that is a cutting edge of green technology. It will be a place for San Franciscans and other members of the bay area to commune with nature and see what can be accomplished to come up with new ideas. It's a proud moment for the Port. She thanked Commissioner Brandon for attending the ceremony.

- 150th Anniversary of Black Exodus from San Francisco to Victoria, British Columbia - April 22, 2008 10:00 a.m. to noon, at the Hyde Street Pier. This morning, we celebrated the 150th anniversary of Black Exodus from San Francisco to Victoria, British Columbia. The celebration began at 10 a.m. at Hyde Street Pier. It was hosted in conjunction with the National Parks and others. This evening there will be a reception at Pier 1 at 5:00 pm. hosted by the Port and the San Francisco Convention & Visitors Bureau. There was a point in the City's history where Blacks were encouraged to leave San Francisco. There was legislation either pending or enacted by the County Board of Supervisors. It's great to be able to have a descendant of one of the families that left, return to San Francisco and participate in the celebration. We are going to have some of our key celebrants come to the meeting later. They are currently at the Board of Supervisors.

- GreenTrust SF, a community-based non-profit, is collaborating with the Port Maintenance division to sponsor a morning of cleaning and greening at Agua Vista Park on Saturday, April 26, 2008 from 9 a.m. to 12 Noon. The volunteers will be edging and sweeping walkways, spreading wood chips, and planting flowers along with other cleaning and greening activities.

- KFOG KaBoom - May 10, 2008 at Pier 30/32: The 15th annual KFOG KaBoom! will be held on Saturday, May 10, 2008 from 4:00 p.m. to 10:00 p.m. at Pier 30/32. This year, the bands that will be performing are Los Lobos, Collective Soul and Matt Nathanson. There will also be a Children's stage with continuous performances. Fireworks display will be synchronized to a World Class Rock soundtrack to follow when it gets dark.

- San Francisco Women of Achievement Dinner – Anne Halsted, Honoree, May 13, 2008 at 6 p.m., Golden Gate Club: Former Port Commissioner Anne Halsted is

one of five honorees at the Legal Momentum's Third Annual *Women of* Achievement Dinner to be held at the Golden Gate Club in San Francisco on May 13, 2008. Legal Momentum is the nation's premier legal advocates for women and girls. The other honorees are: Katherine August-de Wilde, President and COO of First Republic Bank; Katherine Lutton, Principal & Global Head of Litigation, Fish and Richardson; Laura Stein, Sr. Vice President and General Counsel of The Clorox Company; and Catherine Yanni, Esq. of JAMS. We are pleased to have former Commissioner Halsted honored for the great work she does around the city and had done for the Port.

- Port Budget Hearings at the Board of Supervisors – May 21 and May 28, 2008 at 11 a.m., City Hall, Room 250. We will either be the first or second department to be heard if the Committee goes in order. There have been a lot of reductions in all aspects of the Port's budget as part of the overall City budget. We encourage as many people as possible to support the Port's efforts at those hearings.

Commissioner Fong indicated that in consideration of hearing all of the public comments, he moved approval to reduce public comment period from 3 to 2 minutes. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

B. Informational Presentation regarding the Transportation Worker Identification Credential (TWIC) Enrollment Process beginning May 2008.

Sidonie Sansom, Director of Homeland Security, indicated that Congress, through the Maritime Transportation Security Act of 2002 (MTSA), in an effort to enhance port security, directed the federal government to issue a biometric transportation security credential to anyone requiring unescorted access to secure areas of facilities and vessels regulated by MTSA, as well as to all mariners holding Coast Guard issued credentials or documents. Facility operators have identified secure areas in plans previously submitted to the Coast Guard.

In January 2007, DHS awarded a contract to Lockheed Martin, to establish enrollment centers throughout the country where eligible applicants could apply for TWIC. The first port to begin enrollment was the Port of Wilmington, Delaware in October 2007. Of the 132 ports, 88 have already begun enrollment.

Enrollment begins at the Port of San Francisco during the week of May 12th. A fixed enrollment center is being set up in downtown San Francisco, and the Port is providing space at Pier 50 for a temporary (called mobile) enrollment center to serve Port employees. Approximately 155 Port employees will require TWIC. Impacted employees are mainly from the Maritime, Maintenance, Engineering, and Real Estate divisions. Port of San Francisco facilities impacted by this program include our cruise terminals, bulk and break-bulk terminals.

No later than September 25, 2008, all mariners and workers requiring unescorted access to secure areas will require TWIC. For facilities, compliance will be phased in by COTP zone, and announced in the Federal Register at least 90 days prior. Sample TWIC elements include:

- Digital photo
- Computer chip storing biometric/fingerprint data
- Holographic background
- Tamper resistant design

Each card costs $132.50 and is valid for 5 years from date of issuance. In addition to all Coast Guard credentialed mariners and individuals such as Port employees and terminal operators who require unescorted access to secured areas of vessels or facilities, these communities are expected to need frequent access to secure areas in the course of their employment and therefore need to obtain a TWIC. The following populations do not require a TWIC for unescorted access: federal officials in the course of their federal duties, state and local law enforcement officials in the course of their official duties, and First Responders when responding to an emergency situation.

DHS has established standards for escorting those workers who are not required to have a TWIC, such as workers who are infrequently on MTSA-regulated facilities, or foreign nationals such as crewmembers of foreign flagged vessels, who do not qualify for TWIC. The TWIC Enrollment is a 3-step process:

1. Pre-enrollment can be done by computer or by calling an 800 number (not recommended due to long wait times).
2. To enroll, the applicant goes to the nearest enrollment center with documents to prove their identity. There is an extensive list of documents applicants may bring. At the enrollment center, applicants sign the TWIC Application Disclosure Form, provide documents to prove identity, give a full set of fingerprints, sit for a digital photograph, and pay the enrollment fee. The Port will pay in bulk for its employees. After enrollment, TSA completes a Security Threat Assessment, consisting of a fingerprint check, intelligence-related check to see if the applicant has ties to terrorism, and an immigration status check.
3. When notified the TWIC is ready to be picked up, the applicant returns to the enrollment center, where the TWIC is activated.

There are 3 possible outcomes to the application process:

1. The applicant gets their TWIC.
2. The applicant is denied a TWIC but can appeal the decision on the grounds that the denial was based on incorrect information.
3. The applicant is denied a TWIC but can request a waiver. Applicants can be denied due to disqualifying crimes, mental incapacity, or immigration status. Those applicants can request a waiver.

Information on the TWIC program, including how and where to apply for a TWIC will be placed on the Port website in the next week or two. The Port website will also include a list of immigration services and legal assistance centers, to assist applicants who need to request waivers or appeals. Procedures are in place to replace lost cards, as well as to allow workers awaiting a TWIC to access port facilities.

The TWIC program goals are to:

1. Positively identify authorized individuals who require unescorted access to secure areas of the nation's maritime transportation system. This will initially occur through use of the TWIC as a 'flash pass'.
2. Determine the eligibility of an individual to be authorized unescorted access to secure areas of the maritime transportation system.
3. Enhance security by ensuring that unauthorized individuals are denied unescorted access to secure areas of the nation's maritime transportation system.
4. Identify individuals who fail to maintain their eligibility qualifications after being permitted unescorted access to secure areas of the nation's maritime transportation system, and revoke the individual's permissions.

The TWIC should be kept on the person or in a location where it can be retrieved within a reasonable amount of time (approx 10 minutes). TWIC cards must be presented when requested by owners/operators, security personnel, or authorized agency representatives. After compliance, the Coast Guard will conduct spot checks with hand-held TWIC readers.

Commissioner Brandon indicated that the Commission looks forward to see how the program works.

8. MARITIME

A. Informational presentation on proposed closure of commercial salmon season, possible impacts to the San Francisco fishing industry and options for Port assistance.

Michael Nerney, Maritime Marketing Manager, indicated that on April 10, 2008, the Pacific Fishery Management Council, one of 8 such councils in the U.S., voted to ban all commercial and sport Chinook salmon fishing off the California and Oregon coasts this year. This is the first time the salmon fishery has ever been closed since commercial salmon fishing began on San Francisco Bay in 1848. The reason for this decision was the dramatic decline in the number of wild salmon returning to the Sacramento River and the Central Valley in recent years. According to the California Fish and Game statistics, 2.7 million pounds of salmon were landed locally in 2004; this number dropped to 1.6 million pounds in 2005 and just 209,000 pounds in 2006, a mere 8% of the 2004 total. Possible reasons for the startling downturn in the number of Chinook salmon include a sudden lack of ocean nutrient-rich deep-ocean upwellings caused by ocean temperature changes, agricultural pollution, water diversions from the delta, and damaged habitat. The West Coast commercial salmon fishing fleet, which numbered 4,000 boats two decades ago, has been reduced to 400 boats, a 90 percent decrease. As a result of the fishery closure, California is projected to lose more than 2,200 jobs and approximately $225 million. Commercial salmon fishermen could lose 70 to 80 percent of their annual incomes. The closure puts at risk the basic infrastructure necessary to support the fishing industry – ice production stations, fuel docks, fish buyers and processors. At restaurants, the price of a dish of salmon is expected to double. Governor Arnold Schwarzenegger declared a state of

emergency hours after the April 10, 2008 vote and authorized state agencies to offer grants and loans to fishermen and affected businesses. He also sent a letter to President George W. Bush seeking federal disaster assistance. This closure comes on the heels of two consecutive years of dismal salmon fishing, dismal herring fishing and the shortening of the 2007-08 crab season caused by the Cosco Busan accident and bunker oil spill. There are approximately 120 commercial fishing boats homeported at Fisherman's Wharf and Hyde Street Harbor. Pier 45 in Fisherman's Wharf is the center of commercial fishing and fish processing in Northern California. Port staff is meeting with members of the San Francisco fishing industry to discuss possible local responses to the economic calamity that this closure will have on the city. We will review a possible short-term "Berthing Assistance Program" to defer or subsidize port berthing fees for salmon fishermen. The Port will also explore the possibility of training fishing boat operators in responding to emergency clean-up situations. The Port will encourage state and federal agencies to expedite grants and loans to help sustain the boat operators until they are able to resume fishing for salmon. Port staff will return to the Port Commission in the near future to present specific recommendations for the Commission's consideration and action.

Larry Collins, President of the Crab Boat Owners Association, indicated that it's the oldest commercial fishermen's association in the West Coast. He thanked the Port of San Francisco for their response to the Cosco Busan oil spill. Staff came down to the docks, got them organized and put them to work cleaning up the spill. No other government agency acted with such quickness or decisiveness to help mitigate that disaster. You have all our heartfelt appreciation and respect. It is unfortunate that now the responsible party is trying to deduct what they were paid for the clean up from their crab settlements. He's sure they will prevail in court. Now the salmon season has been called off. This is the first year since 1984 that he and his wife will not be steaming out the gate a few days before May 1st. It's a long time from the end of crab season to the beginning of the next one. He's not sure how they will make it. Anything that the Port could do to help the salmon fleet through these tough times would be greatly appreciated.

Tom Creedon, President of Scoma's Restaurant, indicated that he brought along the chef of Scoma's who can attest to what the impact of the closure of the salmon season means to the restaurant industry.

Steve Scarabosio, Chef at Scoma's Restaurant, indicated that it's disheartening to see the closing of the salmon season. It's one of the major seasons they have on the bay. It's one of the major industries that help run Fisherman's Wharf. Without our local salmon season, it takes a lot away from bringing local fish to the masses. It's a lot better than any of the farm raised fish that's out there. It's getting very cost prohibitive even when he is bringing in frozen fish from Alaska which is tough to swallow when you are right next to the water. It's tough for them to go forward. With regard to raising the prices, that's hard to do because they try to give value to their customers and provide the very best. Without a California salmon season, they can't do that. It's going to be tough moving forward and to try to get people to come back and experience the true San Francisco feeling without a salmon season. He encouraged everyone to do everything to make this work. Unfortunately, maybe a

little conservation years ago might have helped them down the road but it never happened. Moving forward, let's hope that this is a temporary fix and we can see the salmon season come back next year.

Mike Shift, commercial fisherman, indicated that his boat, Chloe Marie, is tied up by Scoma's. He moved his boat to be in San Francisco and fish the fishery at Bolinas at the end of the season. His boat was built in San Francisco in 1930.

Sarah Bates, owner/operator of a fishing vessel in Fisherman's Wharf, indicated that she supports the berthing assistance program. She indicated that without any fishing boats at Fisherman's Wharf, it's not Fisherman's Wharf. Fisherman's Wharf is a huge tourist draw for this city. Everybody that she talked to all over the world says that they've been to San Francisco Fisherman's Wharf. There are already boats leaving San Francisco for Half Moon Bay, Moss Landing, Fort Bragg because there's no salmon outside of San Francisco. If they can't fish salmon and they can't pay their bills, they have to start seeking other fisheries and other ports. Some are already starting to do that. Anything the Port Commission can do to keep fishing boats in Fisherman's Wharf will improve the wharf and keep tourists dollars coming to San Francisco.

Zeke Grader, Executive Director of the Pacific Coast Fisheries Association, indicated that we are looking at the first closure of this magnitude of the salmon fishery since it began in San Francisco bay and delta in 1848. The cause has been brought on primarily because of the decline of the Central Valley Chinook salmon. These are the fish that migrates through this bay, through the delta, through the Sierra streams. We provide about 90% of the fish harvested off the shores of California. Upwards of 50% of those are taken off Oregon/Washington. This is an extremely important run. In the last few years, it's declined dramatically partially because of poor ocean conditions in 2005 and 2006. More important, what we have control over is because of what we have done to the Delta, most notably, excessive water diversions. As well as to date, the continuing and very toxic agricultural waste water discharges that's been going on for 20 years which they are trying to get halted. They would appreciate the support and the help of the Port of San Francisco where fishing in the West Coast started here. They are looking at trying to keep our fleet afloat for the next year or two. They know for certain they will be opening in 2010 but they are not certain about next year. It's going to be extremely difficult to keep people in businesses as well as support businesses. To do that, they are asking for a fishery failure declaration from the Secretary of Commerce. They hope to get that in May. That is one action that needs to be taken to get the Secretary to move on this expeditiously. That did not happen the last time around. That makes a nice story on how they finally got it. They can't afford the type of delay that they had last time, approximately 18 months or more. Secondly, as part of keeping the fleet afloat, they need a disaster appropriation from Congress. Congressman Barbara Lee is taking this up on the floor to discuss. We've had good support from our delegation. Speaker Pelosi needs to hear from the Port that this is something important as she does from the local fishing fleet as do other members of the Appropriations Committee including Congresswoman Lee, Congressman Honda and Congressman Sam Farr. We need to get that appropriations moving as quickly as possible. Secondly, we need to deal with the issue of declining fish which to date we

haven't done a good job, as a state. It's going to entail to finally resolve issues that are plaguing the Delta. Not just salmon, the delta smelt collapsed last year and it caused the federal judge to impose restrictions on the pumping. This Port and for this city, we need to make clear that we need to have the operations of the delta straightened out to where this important estuary in the West Coast of North and South America can finally be fish friendly again. In making it fish friendly again applies to this port, the protection of the Dungeness crab, salmon, herring and other species that rely on these waters. For the whole coast, from Santa Barbara to Bellingham, this is an important action. He asked for the Port Commission's help in addressing both the immediate economic issues of the fleet and the long term issues of making sure we have sustainable fish populations for the future. Port staff has prepared some materials for the Port's consideration. He will work with the Port in any way possible and would appreciate any type of help the Port could provide for the fishing industry.

Phil Bentivegna, owner of the Butchie B boat, third generation on the wharf, indicated that he has been a commercial salmon licensed fisherman for over 40 years but mostly a sports fisherman. Salmon fishing has been his only type of fishing for 40 years. It's hurting them. There are a few sportfishing boats that do and have fished salmon exclusively. If the Port does something that help the commercial fishermen, he asked that they think about the sportfishermen too because they are being hurt just as bad.

Frank Rescino, Lovely Martha, thanked the Port director, Port staff and Port Commission. He is a third generation Italian fisherman. His family has been here for a hundred years. His son is a fourth generation. He is a sportfisherman. He has always fished for salmon his entire life. His son has branched out; he's gone to commercial fishing and done other things. They are fighting a lot of things that are going on right now. Closing the salmon season is not going to help unless they fix the rivers. Unless they fix the problem; it's going to get worse. Taking the fishermen off the water is not the solution. Sportfishing boats have set expenses in order to operate. Anybody that fish salmon has over $50,000 of salmon equipment. This is the type of year that they are fully stocked. They are being attacked by the Marine Life Protection Act. They want to close the whole area that's left to fish even after the salmon fishing is closed. They are a little better off than the commercial guys because they have other alternatives which they are grateful for the Port. They have other things they can do but they can be affected. Right now, some of the tariffs that regulate what they do were drawn up 12 years ago. They'd like to modify some to make them user friendly. They like that kind of support. We could open it up and everybody could work together in a fair, even way.

Capt. Jacky Douglas, Wacky Jacky Sport Fishing, 2-XA waterforfish.com, indicated that it breaks her heart. She's an old time fisherman. She came here with her little double ender in 1959. She was in Santa Cruz and did a little commercial fishing and she fell in love with it. There's not a rich fisherman. They're getting by because they do what they love. It is the love that a man and a woman have. She wished she could explain the beats of their hearts and what they are going through. To lose it all is very sad. They are supporting the 2-XA. They are trying to support to live with letting them fish a few spots. They are trying to take Frankie's rock at docksberry buoy. She

talked to a young man from Southern California which they took away south rock, which she fished many times for rock cod. They are going to structure and clear up north and come back and work on the bay and see what they can grab. They have a big fight coming up and will do the best they can. In the meantime, it's waterforfish.com. She asked people to put their signature in there; they need 1000 signatures.

Joe Cincotta, Pacific Seafoods, indicated that he is totally in support of Mr. Grader's proposal. His concern is on his action plan on Item #10. It's very ambiguous and it might cost more financial concerns for a lot of the other fishing industries. There needs to be more conversation; otherwise, he totally supports what he wrote on the salmon closure.

Ernestine Weiss is sympathetic with the fishing industry. It's a colorful group. It's an economic boon for all of us because the waterfront is for tourists. The restaurants will suffer from it. It has a domino effect on everything. All the doctors that she has spoken to have said that if you eat salmon three times a week, your heart will last forever. She does that and that's why she's here.

Commissioner Lazarus indicated that it sounds that letters to congressional representatives might be timely. She asked if that's something we have in the works.

Michael Nerney replied that there were several suggestions that were put forth by the fishing association group. That was one of them. Ms. Moyer added that we have letters in the works for #1 and 2.

Commissioner Fong commented that he finds it profound that we are talking about this item on Earth Day. It's not new news that the salmon runs have been shrinking. It's been on page 8 or page 9 in the papers. For the first time, it made it to page 1, the front page and it gets the attention it deserves.

Commissioner Brandon thanked Mr. Nerney for bringing up this important issue to the Commission's attention. They look forward to the recommendations that staff will bring forward.

B. Request authorization to execute an agreement with Princess Cruise Lines, Ltd. and/or Cochran, Inc., their agent, to install shoreside power equipment at Piers 27 and 29 in an amount not to exceed $1,700,000 from the Port and the San Francisco Public Utilities Commission, and an additional $1,900,000 to be obtained by Princess Cruise Lines, Ltd. from the Bay Area Air Quality Management District, subject to approval of the Board of Supervisors; and authorization to request an ordinance from the Board of Supervisors exempting such agreement from the contracting requirements of the Administrative Code and Environment Code. (Resolution No. 08-24)

Jay Ach, Project Manager, indicated that staff has been working diligently on the shoreside power project. He showed a slide that gives an illustration of a typical cruise ship and the emission reductions that will be achieved with shoreside power. The emissions reductions are significant and with multiple calls, the numbers will

multiply. The history is not important in terms of the detail. What is important is that we've been working on this project for a long time. They started through the Cruise Terminal Environmental Advisory Committee (CTEAC) process when they were looking at environmental issues with Piers 30/32 cruise terminal. They began discussions that concerns shoreside power in 2003. The CTEAC process concluded in 2005. At that point, they made a recommendation to the Port Commission, which they accepted, to include shoreside power in a future cruise terminal at Pier 30-32. They forwarded that recommendation to BCDC. The BAAQMD was involved in the CTEAC process and pushed for shore power. The Pier 30-32 project went away. With that, the Port Executive Director with the Commission's agreement urged staff to pursue shoreside power elsewhere at the Port. Staff worked with BAAQMD to look for State funding through the Carl Moyer program. We submitted an application through that program and received a grant of $1.9 million. That original plan was to install it at Pier 35, our existing cruise terminal. For a number of physical reasons, that didn't work. With the air district's agreement, we moved the project to Pier 27, which is one of our standby cruise berths, and proceeded to create a new plan for that pier.

There's an existing shoreside power at Pier 27. It's a low voltage system that was installed in the late 1990's for the MARAD ships. It installed the basic power structure to take the high voltage service that was already there and through transformers, step it down and get it out to the shoreside power. That existing connection is served by the SFPUC under agreement with PG&E. It's municipal power that goes out to shore power. Because that's existing service we can use with PUC to service a new system out there, the new system is grandfathered in. The new system is what we are set out to build. To date, we have the three way grant agreement with the air district. Princess Cruises and the Port are joint applicants and joint recipients of the grant with Princess handling the financial aspects of the grant. Staff came to the Commission in December and they approved the Port signing that grant. Subsequent to receiving that grant and moving the project to Pier 27, the prices of transformers have gone up and the system at Pier 27 is larger and a bit more complicated than originally anticipated at Pier 35. Fortunately, PUC who is our partner on this project has money in their budget to cover the cost difference. We have an estimated project cost of about $3.2 million at this point. We have a $1.9 million in grant funds from the air district plus $1.7 million in grant funding from PUC. We have a $400,000 contingency built in for this project. Port staff seeks Port Commission authorization for the Executive Director to enter into an agreement with Princess Cruise Lines, Ltd. and/or its agent, Cochran, Inc., to install shoreside power equipment at Piers 27 and 29 in an amount not to exceed $1.7 million from the Port and the San Francisco Public Utilities Commission, and an additional $1.9 million to be obtained by Princess Cruise Lines, Ltd. from the BAAQMD, subject to approval of the Board of Supervisors. Port staff also seeks Port Commission authorization to request an ordinance from the Board of Supervisors exempting such agreement from the contracting requirements of the Administrative Code and Environment Code. Port staff seeks Port Commission authorization for the Executive Director to enter into a Memorandum of Understanding, or other agreement as needed, with the San Francisco Public Utilities Commission to accept and expend $1.7 million in SFPUC

funds to fund this project, contingent upon the approval of SFPUC's proposed budget by the Board of Supervisors and the Mayor.

Ernestine Weiss indicated that this is very important and the Port should do everything in its power and there should be no problem with approving this agreement. We should have this on all the piers. We have to reduce health problems by eliminating pollution and improving the quality of life. The Port has so much potential. We need to look at this further.

Commissioner Brandon indicated that SFPUC is giving the Port $1.7 million. Mr. Ach replied that they are but we need to work on the conditions. They have it budgeted and staff is talking with PUC at their Senior Staff and mid-management levels. They are tossing around a number of different ideas about how that might work and how PUC may recover the cost or work out some sort of a deal. The exact terms have yet to be agreed upon.

Ms. Moyer added that PUC included this item in their proposed FY 08-09 budget but it still has to go the Mayor and the Board of Supervisors. Commissioner Brandon asked if staff will come back to the Commission once the terms are agreed upon. Ms. Moyer replied that staff will come back to the Commission with an MOU. Ultimately, they will sell the power to the ships or the terminal operator as the case may be. This is an investment in their overall power system.

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-24 was adopted.

9. PLANNING & DEVELOPMENT

A. Request approval of recommendation of Development Teams to Invite to Respond to the Request for Proposals (RFP) for Seawall Lot (SWL) 337, a 16-acre site bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard. (Resolution No. 08-25)

Request authorization for Issuance of an RFP for SWL 337, a 16-acre site bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, including Revised Objectives and Criteria. (Resolution No. 08-26)

Diane Oshima, Planning and Development, indicated that we had a great presentation and a public hearing regarding the responses on all the different development concepts that were received from the development teams and from the SWL 337 advisory panel at the last meeting. She thanked Ruth Gravanis, chair of the advisory panel, on behalf of the panel, worked very hard and provided valuable information to the staff in support of today's meeting. She also acknowledged Paula Collins, John Rahaim, Rod Henmi, Sarah Karlinsky, Tony Kelly and Amy Neches and thanked them for their hard work. In the April 2, 2008 staff report, the advisory panel in their review of the proposals actively recommended that both the

Cordish and Kenwood Boston teams be invited to participate in the RFP phase. That is a testament for the hard work and the quality of the development ideas that were incorporated. With respect to the Cherokee team as reported earlier, there was a 4-3 split in the advisory's review. In the staffs report to the Commission, staff laid out some information about comments that were received at the last public hearings. Our interpretation of the advisory panel's review of that proposal was the basis for the staff's recommendation that the Cherokee team be invited into the RFP phase. She provided the Commission late-breaking news in terms of some materials that was submitted by Local 22, Carpenters Union, to the Port yesterday that included a report from the New Jersey Inspection's General Office that was reviewing development proposal that Cherokee Investment Partners had been involved in for the Meadowlands Redevelopment Project in New Jersey. The report was critical of a number of the funding and implementation practices of that development project, which she gathered from the report is a project that is still underway. The report was recently issued on February 28, 2008, past the time when we received the development concept from the development teams. Other than just reading the report, we have not had any opportunity to do any investigation to find out where the status of this project is and the merit of the information that came forward. In that context, she pointed out that people can have questions about some of the development experiences of any of our teams. The RFQ phase of the process is not the place were required developments teams undergo a thorough and detailed and legal review of their development qualifications; that happens in the RFP phase. We have a whole series of disclosure documents that participating development teams have to fulfill in order to complete their submittals. It would be through that process that we would be able to fair out some of the information. We have recently been informed that Cherokee has decided to withdraw from consideration. We have not had any written notification of their decision. She asked Mr. Lou Vasquez from Build, Inc. to share his thoughts with the Commission.

Lou Vasquez, President of Build, Inc. read a letter from Thomas Darden, CEO of Cherokee Investment Partners to Mr. Phil Williamson, Port Project Manager. It states, "After carefully evaluating our position in the Seawall Lot 337 redevelopment project, the development team of Cherokee Investment Partners, Build, Inc., and UrbanGreen DevCo, LLC has agreed to withdraw from the selection process. Our team believes this project is extremely compelling, but we also believe that there are other very strong developers and financiers participating in your process. Given the time and the cost associated with going to the next stage, we would prefer to focus on projects where we have a stronger competitive advantage. We have a great deal of respect for the two exceptionally qualified teams that are participating in the process, and we believe that either would do an excellent job of restoring and revitalizing the site." Mr. Vasquez added that they counseled strongly against taking this move. In light of Cherokee being their investment partner, they think it's appropriate that Build, Inc. withdraw from the process at this time. However, he commented on the harassment and threats of the Carpenters Union and the spreading of falsehoods and innuendos sullying the reputation of Build, Inc. and of Cherokee. He's sorry that they've managed to

disrupt a public process. He's sorry that the time of the Commission, the staff and the advisory board has been taken up with this. They have put together a strong proposal in the second phase and he looks forward to the next project that the Port brings to bear. He looks forward to doing business with the carpenters which they will do in the future. It's been a real experience for him and hope that the Port has much success on this project.

Ms. Oshima indicated that with that news, it truncates this portion of the staff report in terms of the recommendations on the developers to be invited to the RFP phase. Resolution No. 08-25 seeks Commission's approval of staff's recommendation advancing all three of the teams. She's not sure about the protocol in terms of making revisions to the resolution. On page 8, the second page of Resolution No. 08-25, on the fourth Whereas clause, the first portion of the clause acknowledges Boston and Cordish Company teams to be invited to participate in the RFP and is followed by a semi colon and a furthermore segment that speaks to the recommendation for Cherokee. If the Commission is agreeable, the second portion of the Whereas clause should be deleted and on the last Resolved clause on page 9, delete the bullet point with the Cherokee development team. With those changes, the resolution will be complete.

Commissioner Hardeman pointed out Cherokee is identified on page 2 and 3 of the staff report. He moved approval to take those items off the record. Ms. Oshima clarified that we could do that although that is part of the staff memorandum that has been released. Commissioner Hardeman indicated that he was trying to help Ms. Oshima identify other places where they were listed as part of the amendment to the resolution. He was just identifying other places that would take them out for identification purposes. Ms. Oshima replied that we could do that although it's a finalized memorandum that was issued before we had the benefit of this information. We could let this memorandum stand or we could revise the resolution as suggested. The minutes from the meeting will reflect the change in status. If that's not enough of a record to explain the gap between the staff report and the resolution, we can write a memo to that effect. Generally speaking, the staff report is finalized and issued. She's happy to do whatever the pleasure of the Commission with that regard. We also have part of the staff report dealing with the RFP objectives which is supported by a separate resolution.

Commissioner Brandon indicated that we have to make sure that it's ok with legal counsel to deal with it this way. Legal Counsel Timothy Yoshida indicated that the protocol would be to accept the staff report as submitted and offer an amendment to the resolution exercising the superfluous or moot portions. He believes that the proposed changes have been read into the record. The Commission could move on that suggested staff change.

Commissioner Brandon asked if the Commission should vote on this item now, take public comment or go to the next item or vote on both items.

Ms. Moyer clarified that in order for the Commission to vote on it, the Commission needs to take public comment. Commissioner Brandon asked if they are doing it separately. Ms. Moyer indicated that staff's vision was that when the public comment is concluded and the deliberations of the Commission are concluded, the Commission would have two separate votes on the item. We felt that on all likelihood, the speakers could speak to both items in their comments.

Ms. Oshima indicated that staff planned on doing a combined staff presentation that would cover both of the resolutions at one time, thinking that the Commission could open it up for public comment and people could speak to either of the issues and take all the information in at one time.

Moving forward with the RFP phase, at the April 8, 2008 Commission meeting staff provided a verbal run through of some of the concepts that we thought should be considered for inclusion in the RFP which would be revisions to the objectives and criteria that was issued as part of the RFQ. When the RFQ was issued, it had objectives and criteria which at the time were relevant for either of the RFQ or RFP phase. Having gone through the extensive public review and outreach process once we received the RFQ submittals, the advisory panel, staff and the public learned a lot from the four development concept proposals that were submitted. On the basis of that, had some further detailing and wordsmith that we wanted to incorporate into the objectives and criteria as revisions that would be reissued as part of the RFP phase. In Exhibit 1 of the staff report, staff underlined all the proposed changes to the objectives and criteria that staff proposed to include in the RFP document. There was one change that did not get underlined which is on page 13 of Exhibit 1. On the top of the page, Criteria A as it relates to open space, it reads, Create and balance the distribution of gathering spaces for area visitors, workers and residents... The words balance the distribution of gathering spaces was newly added in from the RFQ. Previously, it did not have those words. Staff neglected to underline that.

To summarize, those revisions on Exhibit 1 fell into the categories that we've outlined in the staff report relating to public trust uses. We've included more definitive language in the RFP objectives to identify our public trust uses and to require them as part of the SWL 337 development program and to make it clear that for Pier 48, any proposed rehabilitation needs to be public trust consistent in its own program. With respect to housing program details, staff has added specific wording to ask for a breakdown of the type of housing program that may be proposed in the RFP as it relates to ownership, rental, and affordability levels and if there are any preferential requirements that would have to be fleshed out. With respect to major open space at China Basin, there's new language that is more definitive about requiring a major, contiguous public open space that is trust consistent. We see a China Basin Park at the north end of SWL 337 looking right out at China Basin Channel and to the bay as a major public trust benefit that should be delivered in this development project and have articulated various criteria to help provide better direction to the development teams on that score, requiring a minimum of 5 acres

for that park area and recognizing that there is still going to be public spaces and open spaces that we could expect to see elsewhere within the development site as well as we saw in the RFQ concepts. With respect to transportation and parking, similarly, we have tried to provide more specific guidance and direction on how to craft a transportation demand management program that is responsive to the sustainability and transit-first principles that are more espoused in the RFQ stage and including the sharing of parking resources in an unbundled mode, meaning that whatever parking program that is included needs to stand on its own and not be internally subsidized or jointly developed, associated with a specific use. The users of that parking are paying a market based pricing fee to be able to use those spaces in an effort to encourage people to use all modes of transportation and not necessarily give priority to automobiles. With respect to scale and density of development, all of the development proposals had varying combinations of high rises, towers and open spaces. Staff felt that process helped to inform us about the potential for being able to be more definitive about towers included within the development program and to that extent, this allows for what developers may propose - one to three taller slender towers of 300 feet or more. It's a way of trying to balance the economic and financial objectives of this development. There is language in the objectives that speak to the architectural quality and the urban design excitement that people want to see. We heard many comments about the desire to have something that differentiates itself from the more massive, mid-scale building blocks that we find in Mission Bay. We hope that these criteria will be instructive towards that. Phil Williamson will be discussing a number of economic and business term specifics. With regards to sustainability, we've added additional language calling for a scoring estimate against a LEED New Development standards and proposals that include a discussion of the carbon footprint impacts of the proposed developments and identifying how they are being minimized in the context of meeting the sustainability criteria of this RFP.

Phil Williamson, Planning and Development, discussed the scoring process for Phase 2 of this project. Staff proposed that the scoring remain as in the original RFQ which weighs the scoring into two pieces: (1) 60 points out of 100 deals with the development program and the design aspects of the project: (2) 40 points of 100 deals with the financial proposal. We are showing significant emphasis on financial proposal which is reflective of the Port's Capital Plan and reflective of the legislation for this site. SB 815 has dictated some of the monies we spent, emphasizing the need to generate significant revenue at this location. The October 2007 RFQ included the business and lease terms, which offered the best direction to the teams and how to prepare for the next phase. We listened to public comments and read the proposals and we feel that there are a few things we should add or better define in the RFP phase on key lease and business terms. With respect to the minimum rent for both SWL 337 and Pier 48, on SWL 337, we had an independent evaluation done as part of this process, estimating that revenues from 337 could be in the neighborhood of $10-15 million per year, assuming similar build out as the Mission Bay Redevelopment Project area. Port staff did its own study based on somewhat more different density, including more open space, more public

amenities. Our estimate at staff level indicated revenue ranges in the $6-10 million per year range. Looking at these two different estimates, evaluating the proposals, Port staff would like to propose for the RFP a minimum annual rent for SWL 337 of $8 million a year. We would also propose after a certain amortization period that the base rent be adjusted to fair market rent. The period would be in the 25-year range to amortize the developer's cost at this location. For Pier 48 is approximately 184,000 square feet facility and is in a very good condition. Today, it generates revenues approaching a $1 per square foot. The Port has invested about $14 million in this facility over the last 5-7 years. Based on the current rent and evaluation of that rent stream, we feel that the minimum rent for Pier 48 would be in the neighborhood of $2.2 million a year. At Pier 48, a significant change from the RFQ would be the lease term that the Port would be entertaining for Pier 48. Looking at the revenues it could generate as is, it does not warrant a long-term lease for that facility, given it's a turn key facility. If significant investment was to be proposed by the developer, we would consider a longer term. Initially, we would like to consider a maximum lease term of 10 years for Pier 48.

Another component of the financial package would be participation rent. The success of private/public waterfront development is partnership between the developer and the Port. Port staff would recommend that the RFP require a participation rent at this location competitive with other waterfront tenants and leases. Generally, those participation rents range between 6-8%. We would consider something in that range for this site as well, after some amortization period has occurred to return investment to the developers.

With regard to the financial proposals, a critical aspect would be the clarity of the proposals and the clarity of information presented for staff to evaluate them in relation to one another. We recommend that in order to achieve the clarity, the submittals include pro-formas for each type of use proposed. The use types that were envisioned being subject to individual pro-formas would be public trust consistent uses, parking use, housing including affordable housing, retail uses broken down by type such as regional and visitor retail, neighborhood serving retail, local-based business retail. Entertainment uses and special events would be another use. We would like to see it broken out in a pro-forma and uses specific to Pier 48 and the public trust restrictions that location has. Additionally, the financial proposals should break out the maintenance costs and funding sources for the development of the open space and public amenities proposed for the site, with a goal of tracking those uses individually and comparing them to each other. In the case of the public amenities, we should be able to see how they might be funded or subsidized by the revenue-generating uses of the project. We proposed further adding to the RFP to make it a more instructive document.

With the Port's approval of the RFP issuance, staff hope to issue it to the two remaining teams by mid-May and allow for approximately 3 months for each team to prepare and submit their proposals to the Port. Given that this RFP analysis will be more detailed, thorough and involved than the RFQ analysis, we anticipate 90-

120 days of review period before we recommend a development to the Commission for approval to enter into the ENA phase.

Dan Dunnigan indicated that his thoughts and prayers go to the salmon fishermen and all of the fishermen that were here earlier. He hopes that something good will come their way. He is a SF firefighter and member of the Firefighter Local 798. He is a member of SF Democratic Central Committee and deputy director to the Mayor at the Air Quality Management District. Today, he is a father of two young children. Looking over the proposals, he thinks that the Giants proposal has the most strength. He says that not as a Giants fan but someone who has grown up in San Francisco for 43 years, most of his experiences as a child at Candlestick and now as a father of two at Pac Bell have been extraordinary. He lives in the outer Sunset and often takes the N-Judah to the ballpark with his kids. Win or lose, it's an experience for a lifetime for his children. The Giants have been great stewards along the waterfront. They are committed to creating open space with the Mission Rock Park. Their team understands the power of investment and the power of working hard. They have a strong commitment to the family based on the organization. The 49ers used to have that family experience as well. He asked the Commission to move the Giants proposal forward.

Claudia Jasin, Jamestown Community Center Executive Director, indicated that the center provide education and recreational programs after school and during the summer to kids at the Mission District. She urged the Commission to accept the recommendation to move the Giants' proposal forward. They are an outstanding corporate citizen and neighbor to the City of San Francisco. They invest in their future which is the young people of our city. They make sure that our kids are involved in safe, positive learning opportunities. They have participated in the Junior Giants for 12 years, 40-50 kids ask her this time of the year, every year when they will start playing baseball. In addition, they also invest in their education program. They now have an opportunity to have a positive impact in the city in a larger way. She hopes that the Port would give them that opportunity.

Bob Bennett, member of the Rincon Point-South Beach CAC, indicated that they have worked closely in the development of South Beach and Mission Bay with the Giants. With the issues that have come up, they worked with the CAC and things get resolved and they don't happen again. They enjoy their relationship. He lives directly across from the ballpark where he is able to watch every game day the comings and goings of the fans who come to the ballpark with all the various modes of transportation, walking, bicycles, Muni, and cars. The thing that concerns him given how orchestrated the fans get in and out of there, it's his understanding that the Giants have available to them at one point somewhere around 5,000 parking spaces; now it's down to 3,000. It's his understanding that in order to make it work, it would be an absolute minimum of no less than 2,000. He hopes that would be taken into consideration. With the neighborhood's point of view, they don't want to see all of these descend into messy gridlock in their neighborhood. That number should be built in any planning proposal for the project.

Jay Bradshaw, Director of Organizer for the Carpenters Union, indicated that the Port has always been open to hearing the issues and concerns of working San Franciscans, especially to the carpenters union. He thanked the Commission and staff for listening to their concerns and taking the materials they provided. There are two proposals that will respect working San Franciscans and respect who built this City. Any contractor, developer that would like to talk to him about respect for carpenters in this town, his door is always open.

Scott Littlehale, Field representative for Carpenters Union, thanked staff and Commission for taking the time to review the materials they provided.

Paul Cohen, Director of Government Relations for the Northern California Carpenters Union, indicated that as he mentioned two weeks ago, the Boston Kenwood/Wilson Meany Sullivan team had signed an agreement with the Carpenters committing to doing this project 100% union including the tenant improvement work. He was pleased to report that their executive officer, Bob Alvarado, sat down today with Blake Cordish and Jack Bair of the Giants and that team had also committed to doing the right thing on this project from start to finish. The Port is compelled to consider the public trust's interest as they look at putting this public trust land in private property. There is a strong public interest – training, good jobs, good benefits that these agreement will provide. San Francisco's proud tradition as a labor town and our shared values that both of these teams have committed to upholding. It's Earth Day, sustainability is not just about meeting LEED standards or reducing our carbon footprint. Truly sustainable communities live at the intersection of the 3E's – economy, environment and social equity. These two teams have both committed to uphold all 3E's. These are two strong teams with the ability to create a truly sustainable project. They concur with staff's modified recommendation and urged the Commission to invite the two teams to participate in the RFP.

Tom Nolan, Project Open Hand Executive Director, urged the Commission to support the two resolutions; in particular, the proposal by the Giants/Cordish group as one of the candidates. The track record of the Giants in development – the ballpark speaks for itself and their work in the community. As executive director of Project Open Hand, he knows full well the work that the community funds have done. Millions of dollars have been raised on behalf of worthy community groups in San Francisco and all over Northern California. The Giants have been leaders in important issues, combating domestic violence, providing educational programs and scholarships for grammar, high school kids and working in health areas. The Giants were the first sports organization to be supportive of efforts to find the cure for AIDS – Until There Is A Cure Day. It has been followed up by other major league teams. They helped Project Open Hand last year. They had an event called Plate To Plate, a 5K run that began at McCovey Cove. The race raised $300,000. It's an example of the creative involvement the Giants have in the community. He urged

the Commission to support their proposals. They do important work on behalf of the community.

Maxine Wilson, Boys & Girls Club of San Francisco, supports the Giants proposal. The Giants are partner organization of Boys & Girls Club of SF, generously supporting program and infrastructure development. They've worked collaboratively with their fan based to make a seven figure gift investment in the Willie Mays Boys & Girls Club at Hunter's Point. Programmatically, the Giants have supported their work through the Giants Community Fund and the Junior Giants program. Their philanthropic efforts are significant and she has no doubt that they will continue to care about and invest in the most underserved neighborhoods in San Francisco. With 55 years left on their lease, the Giants have every reason to make sure that this neighborhood is developed and managed in the right way.

Shelley Carroll, Rincon Point-South Beach CAC, indicated that last night at the CAC meeting, a request was made to have quarterly reports to the CAC both for the Brannan Street Wharf and SWL 337. She formalized that request that they receive quarterly reports.

Seth Besse indicated that the ballpark has been a great investment and the Giants have been a constructive force in the community. The Port should give them the opportunity to lead this forward in the neighborhood and continue to be a constructive force.

Curtis Fox, resident of the Richmond District, indicated that he supports the Giants proposal to move forward. We are quickly losing some of our professional sports teams in and around the San Francisco area. He supports the Giants proposal for a couple of reasons: (1) for those unlike him that are not residents of the outer Richmond and aren't as lucky to take the timely and never over crowded 38 Geary to the stadium, a lot of people and friends of his drive from outside the city to the ballpark. That's an integral part of keeping and up keeping professional fan base. People should be able to access the stadium. The Giants plan allows for that. Another integral piece is maintaining the fan based around the stadium. A lot of sports enthusiasts participate not only in the actual moments of the event but in the moments leading up to and after the event. The Giants proposal allows for a lot of the entertainment value to be kept and maintained around the park so people have an interest in spending time around that area. He does not know who the Cherokee or the Kenwood teams are but he knows the SF Giants. They deserve to have their investment made and they deserve to have the interest they placed and put into the community return to them.

Rick Brue, SF Police Activities League, supports the Giants development plan for SWL 337. He spoke about the many partnership that the SF Giants established over a 50-year period not only with the city of San Francisco but the greater bay area. On a personal note, he has been involved with the SF Junior Giants program for many years. All of his sons grew up playing baseball in it and he was a coach in it.

This program exists all across the bay area. He is a retired policeman. His last tour of duty was the Bayview station. When he was there, they teamed up with the SF Giants to help bring a field of dreams to the top of Hunter's Point hill, the establishment of the Willie Mays Club house which is also at the top of the Hunter's Point Hill. The SF Police Activities League looks forward to continuing these partnerships with SF Giants and they hope to be a part of the current development plans they are looking at for this particular lot. They've had a long range plans in San Francisco of bringing a gymnasium and youth facility to the southeast sector of SF. They love to realize that dream in this area. The SF Giants are an integral part of the fabric of SF and the incredible changes they brought to this part of SF would only be enhanced if they are allowed with the opportunity.

Christina Resasco indicated that as someone who works on the waterfront and someone who is an environmental advocate, she supports the Giants plan which incorporates not only bringing in businesses but open park spaces and environmental responsibility to the waterfront.

Jeff Anderson indicated that this is personal for him. At noon today, he and his partner Jeff Soukup, closed on their house in Noe Valley and are moving to a condo in South Park. They have been in the city for 9 years. It's been amazing to see how much of a part of the fabric of the City the Giants are. They are seeing that in the neighborhood they are moving to. It didn't exist 9 years ago when they moved here. The energy that is drawing them downtown is very much caused by the SF Giants. On a personal level, as a member of the LGBT community, he is amazed how the Giants are in support of their community. As member of the Alice B. Toklas Democratic Club and past member of the Board of SF Gay & Lesbian Center, they have been in support of those organizations throughout the years. He hopes the Commission moves their proposal forward.

Jeff Soukop indicated that he has been a member of a number of national, state and local organizations. He is currently co-chair of the Alice B. Toklas LGBT PAC committee. He supports the Giants proposal and he hopes that the Commission move it forward. As a South Beach neighbor of the Giants, they have been a driving force in terms of the development of the entire Mission Bay and China Basin. They have done so in conjunction with the neighborhood. They have seen this through the development of ballpark. They have a 55-year lease remaining on the ballpark. Of all the proposals, they have a vested interest in the development of the community in a way that they could in conjunction with the neighborhood. He appreciates the Commission's support.

Robert Hulseman current San Francisco resident indicated that he grew up in Santa Rosa. He understands the dire need for parking surrounding the ballpark. He supports the Giants proposal. When you lack parking, you discourage fans from outside the city to come to the ballpark and spend their money in the surrounding businesses.

Corinne Woods, Central Waterfront Advisory Group co-chair and chair of the Mission Bay CAC, indicated that she's watched development in this neighborhood for a long time. She spoke specifically to Item C, Exhibit 2, Phase 2 Development and Financial Proposal. That refers to the evaluation of the development schedule under the Design and Development proposal and to development cost and timing under the Financial Proposal. There's no reference in Exhibit 1 of the RFP as revised regarding development schedules, timing or phasing and how they will be accomplished. There will be a significant amount of basic infrastructure work to be done in this program. As they have seen in Mission bay, that takes a lot of time. It's important that the proposals specifically address timing and phasing so that the Port knows going in what order things are going to be in. For example, open space should be a high priority. It shouldn't be the tail of the proposal. If you are going to take away 2,000 spaces of surface parking to put in infrastructure and to do development, unless you address the parking issue early on, the surrounding neighborhood is going to be a chaos. She asked the Commission to ask for specific phasing, ideas from both of the remaining developers. Phasing in Mission Bay is tough enough. We are still looking for roads to go through so they can get transit. If we don't have some idea of how the developers plan to do what they are going to do, it's going to be very difficult.

Ernestine Weiss indicated that she was the creator of Ferry Park and a fervent advocate for open space. The Giants proposal is a similar approach with five acres of open space right on the waterfront. The architectural design overall is the best. It takes into consideration all the mixed use that is required. We need a venue for events because the Cow Palace is deteriorated. What could be better than an event placed on the waterfront such as the Giants. It has many plusses.

Jessica Tully, exhibiting artist and educator in San Francisco, supports Kenwood Arts First SF vision for SWL 337. Her work is currently in exhibition at Yerba Buena Center for the Arts as part of an international exhibition of all female artists. She's in a collaborative project as a leading artist selected for Yerba Buena's upcoming esteemed Bay Area Now 5, a survey of emerging artists of note that occurs every three years. Her family first moved to San Francisco in 1974. She's completed her education in 2002 at the SF Art Institute with a Masters in Fine Arts. In order to maintain an art practice, she moved 7 times in 7 years and currently uses her kitchen as a studio. The community of artists that she's a member of, many of whom have participated in this process, do their artwork as an expression of civic engagement. Their art contribution is through their art. Core to the vision of Kenwood/Boston's plan is working with world class artists to make an arts destination that is platinum level sustainability. She's interested in the way that their vision is beginning to take form and it would support their work as artists who would live and practice in San Francisco. At it stands, there's a cultural brain drain in San Francisco. Like salmon, they would have to swim back up stream every time they come to San Francisco. The Port Commission has an opportunity to make an arts destination that they would be included and be similar to what arts have done to districts in Paris, Castle Germany, Berlin, Bristol, England, Venice, Manila, Tokyo, New York and Los Angeles.

Vicky del Rosario, artist living in Oakland, wrote that in her opinion this project is past due and extremely important in keeping the creative culture of San Francisco alive. She is not a bay area native; she came here in 1997 to pursue a creative path within a community that is diverse, educated, open and supportive. Since graduating from the San Francisco Art Institute in 2002, she has had to move 10 times in the past six years due to rising cost of living. Even if she does not end up having a studio space or apartment at SWL 337, she believes that this project is worthwhile in order to revive and preserve the diverse and creative culture that San Francisco is known for.

Bob Pester, Boston Properties/Wilson Meany Sullivan/Kenwood Investments, indicated that they own a small complex across the street that includes a Giants store. Every year at opening week, they fly the Giants' flag off the top of their buildings. Considering its Earth Day, Boston Properties is a recipient today for first place award in San Francisco for the best medium size office building. If you look at the team they put together between themselves as developers with over 30 million square feet and four years of development experience and they look at mixed use projects they have developed and are currently developing as the Rustin Town Center and Prudential Center in Boston and the Embarcadero Center across the street, there's no group that is better qualified. Tom Sullivan's group developed the Ferry Building. Kenwood Investment with the Treasure Island. There's no more home grown group as far as teams that are represented. Between Darius staff, Tom's staff and his group, they have over 150 people running on the ground.

Tom Sullivan, Boston Properties/Wilson Meany Sullivan/Kenwood Investments, thanked the Commission for the opportunity. They appreciate being part of the staff's recommendation. They recognize that SWL 337 is a remarkable site. They think what distinguishes their firm is the level of effort, care and thoughtfulness they put into creating a place and to putting all the details into it that make it a true and great authentic SF neighborhood. That should be the objective here and that's the nature of their interest in this site. It's a wonderful opportunity. It's something that they will do together that will be here for the rest of our lives and a long time beyond. They approach their project with that thought in mind because they want to be proud of it.

Karen Knowles-Pearce, Mission Bay Neighbors, served on Mission Bay CAC and chair of the Capital Campaign Committee that opened the new Mission Bay Library. She also has a boat at South Beach Harbor and has a seat at the Giants ballpark. She spends a lot of time in the area. She is not going to endorse one plan over the other because she knows too may people on both sides. She's gong to speak to the continuous need for parking. The ballpark has always worked because there's always the balance in the Mission Bay and South Beach neighborhoods in the way that the fans get to the ballpark. Granted, many take public transportation but there will always be fans that will drive. To maintain the balance, she feels that we should keep a reasonable amount of parking and it should be preserved as SWL

337 is developed. She encouraged the Commission to think about leaving a minimum of 2000 parking spaces for ballpark patrons to preserve the neighborhood balance and to avoid neighborhood gridlock.

Linda Schanfein, Arthouse SF Art First Executive Director, indicated that they developed live/work and studio spaces for artists. They have a hotline that matches artists and spaces. She thanked the Commission for putting the Kenwood group forward into the RFP round. They deserve it. 170,000 square feet of space for arts and culture would be a big plus for San Francisco especially on the waterfront. They have space on their own facility where they are building artist studio. They have 60 people waiting for 20 studios. The need is very great in the city to have more space for artists. She asked the Commission to consider Kenwood's proposal very highly.

Gary Delagnes, San Francisco Police Officers Association, indicated that he remembers driving around the city 17 years ago and heard that the Giants were moving to Florida and there was not a lot to stop them. He recalled that the one great bond that he and his dad had was baseball and the Giants game and going out to Candlestick Park. He remembered that he will never have a chance to take his kids to a baseball game in San Francisco. Thanks to Peter McGowan and the other investors and the Giants, he has been allowed to a great experience with the Giants ballgames with his own kids. He has a remarkable experience in the most beautiful ballpark in America. Everyday he works in that park, he thinks about his dad and how he would have enjoyed the beautiful testament to baseball in the City of San Francisco. To him, the Giants are tried and true. They have proven to the City that they put their money where their mouth is. They've created a gathering place for millions of San Franciscans as well as visitors from different cities. They have cooperatively worked with the community, the Police Department, the labor movement in San Francisco and are truly part of this city's inner fabric. They helped build the Willie Mays Club House with the Boys & Girls Club of Hunters Point and have committed to another 55 years in the City. The Giants built a phenomenal ballpark and have been thoughtful and inclusive and honest with their dealings with the City. They have earned their trust and their loyalty and have total confidence in their ability to develop the surrounding neighborhood better than anyone else.

Paul Nixon, member of CWAG and Blue Greenway, indicated that usually he comes to the Port Commission meetings and talks about human powered boating, getting wet and touching the water. He's satisfied that both the developers are going to do good things about the water. The legal counsel from the public trust once said that launching small boats is unquestionably in the public trust. It's earth day and this morning, Corinne Woods mentioned that there's not one bicycle at Heron's Head Park for the celebration. Of course, access on bicycles to HHP is not very easy. That is what we should look at in these projects. Are we going to be able to get through on bicycles? Are pedestrians going to be able to get through all of the developments that are happening on the seawall lot? The Port has done an excellent

job. If you look at the Embarcadero, you can go all the way from North Point to the Giants stadium. The bike lane is fast. They also have places for recreational bicycles to ride along at a slow speed with pedestrians. He would like the Port to look at these things, look more carefully about what you want to require from these people about pedestrians and bicycles.

Tim Colen, San Francisco Housing Action Coalition, indicated that their interest in this is about smart growth, transit oriented development and increased solutions to housing affordability. At the outset, both projects should move forward to the RFP phase. He thinks that the Giants are a terrific organization. The Giants deserve enormous admiration for what they have done for that neighborhood. He is interested in looking more at the details of the project. All things being equal, they'd like to see a project that emphasizes creating a San Francisco neighborhood that is going put housing and jobs in close proximity to each other and it's going to emphasize investment on existing transit infrastructure. They like the idea of a neighborhood. They have reservations about creating an entertainment or retail destination. They have concerns about the amount of parking given the enormous investment in transit in this area. He believes that there was something in the Kenwood proposal that suggested that existing parking infrastructure has 58% occupancy. That's a serious number if it's accurate. We would do well to look at that before committing enormous resources to building parking in the area that would be better, higher uses for housing or local serving retail and commerce. There will be time to talk about the project in due course. They are at a concept stage now. They are interested in the details of it and while they like the idea of enormous open space that the Giants put in their proposal; they like the idea of neighborhood better.

Jennifer Wofford indicated that choosing to contribute to culture as many artists do means that they choose to make some sacrifices. In this situation, the bay area's economy has moved to extremes where artists are living sort of sub par poverty level situations. Sustainability means that basically standing the cultural drain that San Francisco has experienced and to support a project which is a realistic and practical way to rebuild San Francisco as a diverse creative city. San Francisco has a population that enjoys the benefits of the sporting events. This is not against the Giants. What the city does not share like other major American cities such as Chicago, Los Angeles, New York is an authentic flex and mix between arts and culture in the local population. To look at this simply and sensibly, the less artists that live here is the less authentic SF based culture can exist. She's a San Francisco native; she went to SF Art Institute. She went to UC Berkeley. She taught in SF public school for years and she's now teaching in SF universities. She'd love to stay here. She's a beneficiary for arts and culture here and would like to continue to contribute to arts and culture here but she can't afford to. As it stands right now, she's unhappily looking outside the bay area for other kinds of work and she doesn't like that. She's not the only artist in this boat. Many have left early or are leaving. For this reason, she hopes that Art First SF Project is chosen as it's the only proposal that would prioritize arts and culture locally.

Tom Radulovich, Executive Director, Livable Cities, indicated that they submitted a letter to the Commission on behalf of a number of groups: Livable City, SF Bicycle Coalition, SF League of Conservation Voters, SF Tomorrow, Sierra Club and Walk SF. They generally are supportive of what the Port is doing. This is a change from the plan before which was open space. They see an opportunity to provide the open space as well as create an exciting and new section of the city that would have other benefits to residents and the rest of the city. He spoke about a few of the concerns they put forth in the letter and ask the Port to make adjustments to the RFP. The first is about parking. A few people have spoken about this. When the Giants ballpark was built, this was the edge. There were a lot of vacant lots, there were a lot of industrial buildings. Mission Bay had not been built out. As Mission Bay gets built out, as the eastern SOMA plan moves forward and talk about adding thousands of residents and new businesses in this neighborhood as we start around the 4th and Cal Train terminal, as we have built out transit, we need to begin to shift from the auto dependent uses to more transit oriented uses. It's the only way this neighborhood is going to work. It's very access constraint with the draw bridges as the only two access points connecting Mission Bay to SOMA. They think that there should be no parking but for the uses that are on this site as part of the development. Any short term parking needs, the Port can accommodate. They are pleased that the Port has been such innovators in managing their own parking with the parking programs the Port has undertaken with the idea of the meters with variable prices, allowing people to stay longer. They think there's a parking solution that will get the folks in for the evening and weekend games even the day games without building a dedicated structure. That's about using the parking resources that we have around here better. The other interest is in these towers, they like the old language of the RFP which was not prescriptive. It said you can allow towers. The new language seems to suggest they ought to be towers. There's a lot of different ways to mask this building to get the same development program on the site. They want to see what the developers can come up with rather than be prescriptive.

Mark Gregory, Sounsafe.org Vice President, indicated that they serve local musicians. He advocated on behalf of Arts and musicians in San Francisco, on behalf of the Boston Properties Proposal. They were part of the largest eviction, the largest arts displacement in the City - 1500 musicians, 150 rehearsal rooms and over 100,000 square feet. Over the years, his organization has been a part of the redevelopment planning process of the Hunters Point Naval Shipyard, part of the Pier 70 planning process. Both of those projects fell through. They are looking to be part of a long-term lease building in perpetuity. He hopes that this project will enhance that ability for musicians to stay here. Musicians and artists have contributed to the character of San Francisco. They are fighting to stay here. They are part of the unique reputation that the City built over the years. We need to enhance the reputation of San Francisco as a world class music city. We need to nurture the City's artists and creative spirit and secure its future ad secure San Francisco's future otherwise people will not live here. They will move out. San

Francisco loves the Giants. The City needs to keeps its artists here. We don't need a parking lot.

Andy Thornley, San Francisco Bicycle Coalition, indicated that they don't have any favorite for either of the developers. They are interested in the RFP going out with all the right specs. He reminded everybody that the Bay Trail runs along two sides of this lot and the Blue Greenway is part of the Bay Trail, which is a big piece of this lot. Any project that comes forward should not only accommodate the Bay Trail but celebrate and enhance it. To the extent that this is the northern gateway to the Blue Greenway part of the Bay Trail, they feel there should be special emphasis and special attention paid to that. Not as an accommodation but an integral part of the project. He reiterated Mr. Radulovich's comments to urge the Port to be brave, courageous and very innovative with parking and congratulated Port staff in the excellent work they have done in understanding the assets that the Port has in parking and innovating ways to manage and utilize that parking. All the signatories to the letter feel that obliging 2000 spaces of parking is excessive and is very much the lot's design for the last century. This neighborhood is already in this century. It is not at all coherent with the principles of this city and that neighborhood to put a lot of parking at that site. He urged the Commission to give their letter their fullest regard.

Skott Kuiper, Executive Director Arena Inner Play, a nonprofit artists and working & performing studio in SOMA and the arts representative for the WSOMA Citizens Planning Task Force, indicated that he is in support of the Kenwood proposal and is encouraging his partners at San Francisco Planning to do the same. While there are many positive economic effects the ballpark has had, the development there and at China Basin have a little known catastrophic effect on what used to be a dense and affordable, artists working district tuck away in the older warehouse that were demolished to make room for economic development. Citywide, the artists have categorically have been unable to continue living and working in San Francisco as their natural habitat building stock has been demolished to make room for luxury condo, high rises, and town home complexes coupled with almost unusable commercial spaces and a lot of the buildings demolished in the process. He has yet to see any real control replacements or community benefits that these projects have imported to bring to our town. Legislation to put in place to protect this recognized, public serving community where a development interest to hasten the artists in this demise and the only answer planning officials were able to implement was to kill live/work entirely. The artists are asking city assistance to preserve this essential population and not lose supportive gains previously made. San Francisco, day by day, is losing its identify as a vibrant cultural capital for the West Coast and becoming a bedroom community that in turn seems to shun the very activities that many people and tourists with significant tourism dollars brought here by the artist community have come to San Francisco to enjoy. He asked the Commission to keep San Francisco as we know and love it to be. The difference between San Francisco and San Diego are projects like the one Kenwood has proposed. Help this pivotal project that can protect or expand the resources available to allow the artists to

regain a foothold in San Francisco. As property values continue to reach unprecedented levels, it's literally becoming a matter of survival and the artists are dedicated to making this location a world renowned, cultural and tourist destination. His own building housing will be torn down within the next two years and he does not feel that there will be any opportunities for them to stay in San Francisco. If this project is approved, they will be the Port's first-round tenants.

Jack Bair, San Francisco Giants, Farallon/Cordish, indicated that he represents a strong and experienced team of professionals. He introduced Mike Cordish of Cordish Company, his Giants colleagues and others. They work collaboratively with the Port to realize the goal of developing SWL 337 and Pier 48 in the way that all of us can be proud. They appreciate the unanimous endorsement of the advisory panel and the Port staff recommendation that they be invited to participate in the final round of this competition. They respectfully ask that the Commission adopt the recommendation and vote to forward their proposal to the next round. This is not just another parcel of land for them. With more than 50 years remaining on the ballpark lease and with substantial investment in Mission Bay, they will be a motivated and committed development partner with the Port through the end. They have been listening carefully to all the comments that have been made in the public meetings, workshops and before the Commission today. They look forward to the opportunity to take their proposal to the next level.

Dennis McKenzie indicated that he has been proposing for a number of years to include some sports and recreation on the waterfront. Everyone knows that Piers 27-31 will be a cruise terminal. He's asking the Port as well as the developers involved in this project and others to create some kind of fund so that a small percentage of every development on this incredibly expensive property can be committed to youth programs and high schools. He asked that as we shift everything on this area, he believes that this is a great neighborhood opportunity where there will families and businesses on SWL 337. His proposal to create a sports management pathway for the public high schools where he teach is also an opportunity for a basketball education center which he was proposing for the Piers 27-31 project. It's a tremendous opportunity for high school kids to understand the professional jobs involved in the sports, not just the athletes, including the Giants ballpark. It would be a great tandem where a basketball education center would classroom attached in the original design and construction can provide classrooms to teach kids and all the work involved in a basketball arena such as refereeing and sports journalism, photography. It's walking distance to the Giants ballpark where sports management pathway for juniors and seniors in high school which we don't have could be a model program to help our kids understand the incentives that are out here that they need. The public schools are in tremendous need of a reform. He asked for all these projects to come together in collaboration.

Brad Paul congratulated the Port Commission on the April 2, 2008 memo. It's a very good analysis for a transparent. He completely concurs with the staff's recommendation and advisory committee in terms of who the top two finishers were

and the order of that finish. He was struck by the emphasis the Boston Properties proposal put on retaining artists and making that a focal point for the proposal. His introduction to land use issues came in 1973 when he moved into an artist building at Geary and Van Ness (the Goodman Building). It was a center for arts and an incubator for arts from the 1950s until the artists were evicted in the 1990s. Two San Francisco's premier theater groups got their starts in the storefronts there. It was the fact that this is a building full of painters, writers, artists, actors, directors that allow those two theaters to thrive, that fed their growth. If San Francisco remains a leader not just in the arts, but in business, technology and all kinds of economic development, that we have to have more pro-active plans to retain what author, Richard Florida, in his book, The Rise of the Creative Class, he talks about and argues in that book that the size and diversity of the city's creative community will guide its economic development to the 21st century. It's a key part to that. In 2002, when he wrote the book, he ranked San Francisco number 1, ahead of Austin, San Diego, Boston and Seattle as a creative city. He talks about the creative classes including professors, poets, novelists, artists, entertainers, actors and architects as well as scientists and engineers. Having personally witnessed the struggle of the artists in this room and many others in trying to stay in San Francisco, he personally welcomes the Boston group division of having a community and neighborhood that provides affordable housing and working space for artists. We are going to need those artists in order to compete in the future. He believes that this position is also consistent with what the larger arts community recommended to both the Mayor and the Board of Supervisors in 2006 in its Arts Task Force report. In the relative strength of the teams, most San Francisco knows the members of the Boston properties team. Boston Properties with the Embarcadero, an icon of San Francisco, Wilson Meany Sullivan with other icons including the Ferry Building and Kenwood Investment with the Treasure Island project with a signature development in San Francisco. The Cordish team has the San Francisco Giants which everyone knows. As a Giants fan, he wishes on a short term, they would focus all their energy on not being last place. They are a great part of the City. Farallon Capital is from San Francisco. He advised the Port to look at Cordish's website and he was surprised at what he saw.

Patrick Gorman, an inventor, indicated that in 1999 he read that the San Francisco Airport is one of the largest landfill which was disastrous for San Francisco bay such as the hydraulic mining this year was in the 19th century. What would we do about it? He invented floating structures for large aircraft and got two patents for it. He tested his invention at Pier 54 and it works. It also can do things for San Francisco bay, namely, floating parking garages which he calls flo park, floating housing, which he calls flo habs or floating office buildings. Because of the floating parking, it goes up and down and generates electricity, it's a positive, environmental thing and it's green.

Clarice Lacau, owner of Jelly's Dance Café, indicated that she's been at that site since 1994 so she knows a lot about the neighborhood. The Giants have done

nothing but made the place fantastic. She hopes that the Port will consider their proposal.

Richard Hayes, a 20-year resident of San Francisco and as a member of the McCarthy Cook. McCarthy Cook has been involved in the last 11 years with the ownership of China Basin, the 900,000 s.f. office park across from AT&T Park. When they planned and developed that park, they were there to watch it. They planned and developed it with precision, professionalism and the keen eye to the needs of the neighborhood. The success of that development has been exemplified by the subsequent residential and retail development that followed. He's not going to say that the Giants proposal is the best but he will say that there is no better proposal on the table today. There's no better development team than what the Giants had put together. Cordish Group has been highly successful in cities like St. Louis, Louisville, Houston, Chicago, and Baltimore with their development putting together retail space and open space with residential. They have been highly successful and received international acclaim and awards from their peers. Regardless of who wins this assignment, parking is an absolute necessity. The neighborhood has lost about 2000 parking spaces over the years. If sufficient parking is not provided, people will still be driving to the Giants games. They will drive in and not find sufficient parking. They will clog our streets and it will be huge detriment to the neighborhood. There may come a day when public transportation satisfies the needs of all commuters. There may also come a day when we can tell the Port to be a Star Trek. Until that day comes, we need parking. The Giants need parking. He hopes that the Port will consider their proposal. The success of SWL 337 will have a direct impact on the success of Mission Bay, the neighborhood and continued success of San Francisco.

Commissioner Hardeman commented that he's delighted that we have two proposals. He was in Washington, D.C. for a week and was able to take metro to the Nationals ballpark which they have three connecting lines. That would be ideal if we have that in San Francisco. Their ballpark does not compare to us. He was in Sacramento yesterday. While he was waiting for his son at 11th and L Street, he saw the parking lot he parked in was an unassuming building. It does not look like a parking lot. He talked to one of the attendants and that parking lot holds 1,000 parking spaces. It has a tiny footprint. It has retail below. The extreme cost of building an underground parking garage which the Port considered across the street a couple of times at SWL 351 is incredible. It's so expensive to build an underground parking garage that you will never get your money back for the parking. He would like to see a more consideration on the parking. One reason why even the Giants are not proposing is because there is no money in that parking for most of the year. For the project to work, since we don't have the metro system like the Nationals have, we have to get those three connections and drop everybody off. They have 7 or 8 trains attached whereas we have two. The trains are extremely long so they are able to handle a lot of passengers. He brings that up as a critical component for this project to work. He is delighted to see that both of these proposals are great, and have terrific backers. Most of us have had interchange with

them all. They are wonderful people. A few people know that just before the present ownership of the Giants, he was one of a group of unions that was going to buy 10% of the Giants. Some are going to buy 20%. He does not think that they could ever have been able to do what the Giants did in building the ballpark and coming forward with this proposal. He was delighted that they lost out to the group that purchased the Giants because they didn't have the wherewithal to build the ballpark. This project looks great. He's glad to see the two teams. They are in a dead heat by the public's account, by the advisory panel who did a great job and by staff. He hopes that they will come back with a recommendation that makes everybody happy and get the project started. The last couple of Port projects such as the cruise terminal and the Mills project didn't get anywhere. Either one of these teams will get this project done and we won't have to wait many years to get it completed.

Commissioner Shakofsky asked about the open space requirements in the RFP. She thanked staff and Ruth Gravanis, the chair of the advisory panel for a yeoman's job, a very impressive job. She knows that a lot of work has gone into this. She has a question about the 8 acres that this site was originally part of the Mission Bay project. It's been addressed by the environmental coalition. The RFP has 5-acre minimum with caveats for some other connectivity pieces. She's interested in that disconnect between the 5 acre and 8 acre and that is envisioned in the RFP to meet that concern as well as the wildlife restoration components of the project and the connectivity, which is a big deal.

Diane Oshima replied that as we read the letter from the environmental coalition, they were citing the 8 acres of open space that had been approved as part of the Mission Bay plan. Having work on that version of the plan, she can attest to that. At the beginning of the public planning meetings, in preparation for this development solicitation process, they've reviewed that history. The key reason why SWL 337 was left out of the Mission Bay Redevelopment Plan as we know it today is that because it had the open space designation on the site. The developers decided that did not fit in their current development program. The Waterfront Land Use Plan always recognized that with that backdrop of history from the previous Mission Bay planning effort that any planning for the development of the site and the current time frame needed to revisit that. At the time that the Mission Bay Plan was approved, the whole understanding about the Port, its capital needs, the condition of its facilities was unknown at the time. By the time, they started the public planning workshop that was a whole change situation. Thanks to Tina, Monique and the whole team in putting that information available to them. From the outset, there was recognition that SWL 337 has much to offer to many different constituencies both from a major open space perspective in balancing against the financial and capital needs that the Commission is facing in the long-term stewardship of the entirety of the Port's waterfront and as recognized in SB 815. From our perspective, we are trying to see how we can make a balance to get some magnificent one-of-a-kind public open space that meets all the virtues of the public trust doctrine but not at the expense of counterbalancing against the Port's financial

and economic needs and to come up with a development program that has a character of its own, has its own urban identity and architecture that enhances Mission Bay further beyond what we are seeing so far. Coming out at this point and time to designate 8 acres of open space off the top in the abstract without being able to see what the tradeoffs are with the type, the scale and financial productivity of the development, we thought it was premature. We may find that there is a need, through the review of the proposals that come in on the RFP, to arm wrestle for more open space but at least we want to give priority to the public trust related major park and leave some flexibility for the development teams to be able to craft open spaces, distributed throughout the rest of the site in a manner that work with their development program.

Commissioner Shakofsky asked if we are adopting the same point structure on the RFP as we did on the RFQ.

Diane Oshima replied that the point structure is different than it was for the RFQ. When we published the RFQ, we anticipated that the point structure would be shifted in the RFP stage in that it is still a 100 point scale. Whereas, we had an equal weighting on all the different categories and the design objectives and did not get higher weight to economics. In the RFP, we are giving 40% weight of the 100 point scale to the economic and financial proposals and 60% weight of the 100 point scale to the design and development proposal. Commissioner Shakofsky asked if the design and development includes the land use, the open space and transportation. Ms. Oshima replied that staff excerpted a couple of pages from the original RFQ which is included in Exhibit 2.

ACTION: Commissioner Hardeman moved approval of the resolution as amended; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-25 was adopted.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-26 was adopted.

Ms. Moyer indicated that as she mentioned earlier, there was a celebration at the Hyde Street Pier. Commissioner Brandon presented a proclamation on behalf of the Black Exodus. She accused the county of having bad legislation when in fact it was the State and Federal government. She commended Mr. Williams and his group for their commitment to the African American Cultural Endowment of the City and in particular to this issue.

Al Williams indicated that they were invited to be at the Board of Supervisors at 3:30 this afternoon. He expressed their appreciation to the Port for their support in this endeavor. They worked very closely with Renee Dunn who has been helping them as a part of their working group to bring this celebration and commemoration together. The African American Historical & Cultural Society was established in

1955 with the primary purpose of documenting, preserving and presenting the history of African Americans in San Francisco or the African American's perspective of San Francisco's history. The stories they try to tell are not just about African Americans but how African Americans fit into the mosaic that is San Francisco's history. To illustrate the point and the context of this issue, there was an exodus of African Americans from San Francisco in 1858, almost 50% of the African American population left San Francisco and went to British Columbia but when you read the papers of the day, The Daily Alta of California of April 21, 1858, the article reads... yesterday morning, referring to April 20, which is the actual day of departure, it speaks about the Commodore which is a ship that left on. The Commodore at Pacific Street Wharf was besieged by friends and acquaintances of the adventurers who are loaded with mining paraphernalia, etc. It was estimated that 1700 persons left the city yesterday between 4 and half past 5. Of those 1700 people, African Americans were 150 on that particular ship. The story of the African American regard is a part of this broader story and what was happening with the peering out of the Gold Rush in San Francisco and the discovery of Golden Canada was an inducement to that departure. In order to appreciate the full history of San Francisco, we have to appreciate the history of the diverse elements and components of what makes San Francisco. They are delighted to be able to bring this story forward and not only to help take a look at that particular slice that they represent but take a look at San Francisco as a whole and how it all fits together. They appreciate the support they received from the Port. They are fortunate to have this morning the ILWU drill team. That was a critical and an important statement given the role that the ILWU played in the history of San Francisco and its economy and in particularly, in the relationship to the middle class African American community that developed in San Francisco in large part spawned out of members of ILWU and the work they did at the Port of San Francisco. These are important stories they try to tell and bring forward.

Glen Nance thanked the Port Commission and staff for inviting them to make the presentation. When California became a State in 1850, a lot of people saw opportunity in the State of California. A lot of people migrated out. Among those were a lot of Blacks. According to the 1850 census, there were a fairly large of population of Black people in California. The problem was it was not a receptive environment in San Francisco at that time. If you're a Black person living in San Francisco, you couldn't vote, you couldn't run for public office. There will be no Willie Browns. They were also not able to attend public schools or testify against Whites in court. A lot of these restrictions were imposed on other minorities in the City of San Francisco. It was not as liberal an atmosphere as a lot of us think it would have been. There was a certain amount of disillusionment. A lot of it had to do with the laws in the California Legislature which would have prevented free Blacks from entering the State of California. In 1858, a lot of people through their own disillusionment were beginning to think of going to other places to settle. Among those was Victoria Island, British Columbia. It was the whole process of adventure, of coming out West in the first place, from there to keep going to Victoria. Today, there are still descendants of some of the people who went up to

live in Victoria, British Columbia. They have been able to get in touch with those folks. This is about the historic mission which was led by Mr. M. Gibbs who owned a shoe store in San Francisco at that time, who felt that better opportunities existed in another place. Today is the 150th anniversary of that migration from San Francisco to Victoria.

Mr. Williams added that at the time the State was attempting to adopt the Black Exclusion Act, they were also considering the Chinese Exclusion Act at the same time. They passed the Chinese Exclusion Act. The Black Exclusion Act was not adopted; it passed both houses of the legislature but it did not pass for technical reasons and the session run out. Nevertheless, the handwriting was on the wall. On the ship that went out, were Blacks, Chinese and other residents of San Francisco that made up that 1700. He thanked the Commission for allowing them to speak and for the support forwarded to them.

B. Informational briefing on the status of Pier 70 environmental investigations, funding from the Department of Defense Office of Economic Adjustment, and proposed future "brownfields" site investigation and cleanup.

Carol Bach, Environmental Affairs Manager, indicated that in keeping with our Earth Day theme, she provided the Commission with progress report and update on what we have been doing with respect to environmental investigation at Pier 70 for the past year and informed the Commission of a great opportunity that the Port has to accept and expend federal funds from the Dept. of Defense budget for environmental investigation and clean-up at Pier 70. The Commission is familiar with Pier 70 from the master planning updates from the past year and some have participated in the community meetings about the Pier 70 planning process. An essential component of the Pier 70 master planning process is identification and understanding of environmental contamination that exists at the site and how that could potentially impact development feasibility or cost or both. In February 2007, the Port initiated an environmental investigation of the northeast shoreline of Pier 70 which is identified in Exhibit B to the staff report. This location was chosen because it had been identified through the preliminary master planning and community input as a likely place for public park and has been referred to in some documents as Crane Cove Park. That investigation included soil, groundwater and sediment sampling and analysis and comparison of the results with risk based screening levels and the findings were that for groundwater, it's relatively clean. Chemical constituents that were present were below all applicable screening levels which is great news. It means that at least in that portion of Pier 70, there are no contaminants migrating through groundwater out into the bay. For soil and sediment, the news was not as good. We found metals, polynuclear aromatic hydrocarbons, PCBs and other contaminants that exceed environmental screening levels for residential use. We compared the findings against screening levels for residential use because the State has not adopted standardized screening levels for recreational use. It represents a very conservative, very protective comparison. Based on those findings, the recommendations of the report were that any future development for recreational purposes should be designed to include either replacement of soil or covering existing soil. Those kinds of limitations allowed for a

wide range of designs and developments for public access and recreation in that area. In conjunction with the environmental investigation, we also completed a data compilation where we took all of the data we have about Pier 70, screened it for quality assurance, quality control, factors and put it into a GIS database, which is represented in Exhibit C to the staff report. At a glance, there are some portions of Pier 70 where we know a lot of environmental conditions and other portions where we know very little. This is helpful in terms of managing large quantities of data and crunching those numbers and to inform the progress of the next phase of investigations at Pier 70.

Mayor Newsom's office was working with Port staff to pursue a federal appropriation from the department of defense budget. The Navy and/or its contractors occupied large portions of Pier 70 for more than 60 years. The kinds of operations that they were doing during those many decades were likely sources of contaminants to the soil and groundwater. As a result with Mayor Newsom's office leadership, Port staff worked with Mayor's office staff to request a federal appropriation from the Department of Defense (DOD) FY 2008 budget. They pursued that through the legislative process and we learned that the end of 2007, the DOD budget when it was adopted included $2.4 million for environmental investigation and clean-up at Pier 70. This is an incredible opportunity for the Port to do a very efficient and comprehensive look at the environmental conditions at Pier 70. It is essential and it has to happen in order for the redevelopment process to proceed. With respect to the funding, she thanked Brad Benson who's big bright idea it was to ask in the first place and David Beaupre who did an amazing tour with a small group from Nancy Pelosi's office which tipped the balance in our favor.

Since then, we have been working with the Department of Defense and the Federal Economic Development Administration (EDA) which is part of the Department of Commerce to fine tune the scope of work and the process through which funds will be dispersed to the Port. In March, Port staff submitted to the EDA a pre-application for funding, which is the first step in the funding process. The funding requires 10% matching funds, which would be $253,000 which we anticipate coming from the Port's budget.

Port staff is going to do a brownfields site investigation. Brownfields is a term that is used loosely in many different arenas but is technically defined as underutilized property where real or perceived environmental contamination hinders reuse. As appealing a development opportunity as Pier 70 is, it could also be a poster child for the term brownfields. We are going to undertake additional site investigation throughout Pier 70 including the portion leased to BAE. We are going to collect soil and groundwater samples and have them analyzed for constituents of potential concern and compare those against Tier 1 environmental screening levels and site specific risk assessment to determine what the contaminants and concerns are and where they are. Based on the findings of the investigation and risk assessment, we will undertake a feasibility study to determine a recommended remedial action. Depending on what we find, remediation could range anywhere from removal of hot spots and implementation of risk management measures or we may find contaminant conditions that warrant active remediation or some combination of things in between.

We are also going to undertake hazardous materials building surveys through all the buildings at Pier 70 that's primarily identification of lead and asbestos and will also include incidental other hazardous materials such as mercury containing electrical equipment. With the remaining balance of funds, we will undertake hazardous materials abatement of selected buildings based on their historic value and redevelopment plans. Additionally, EDA funds will be used to support public participation efforts and to pay regulatory agency fees. We anticipate entering into a voluntary oversight agreement with one of two CAL EPA agencies and both require cost recovery from participants in a voluntary oversight agreement. With respect to contracting, we cannot apply any contracting preferences or subcontracting goals which will preclude compliance with the City's LBE program. However, the federal contracting regulations impose their own requirements intended to maximize the participation of small minority and women owned businesses.

She hopes to be back on May 13th to request Commission's authorization to apply for, accept and expend the funds from the Economic Development Administration and to issue an RFP to environmental consultants to initiate the site investigation, risk assessment and feasibility study.

Corinne Woods, Central Waterfront Advisory Group, indicated that this fantastic. She thanked Brad, Carol and David. This is going to make such a difference at Pier 70. She asked the Port to grab the money.

Commissioner Shakofsky congratulated staff for securing the funds. Oftentimes with these contracts, the 10% match can be staff time. Does it need to be cash or has this been flushed out? Ms. Bach replied that she has not totally flushed that out. She was delighted with the $2.4 million that she failed to drive a hard bargain. We have $330,000 in the Port's operating budget for this year for the same purpose.

Commissioner Shakofsky indicated that often that match can be staff time or administrative cost. We don't have to put any more money in the pot. She suggested to Carol to drive a hard bargain.

10. ENGINEERING

A. Informational presentation on the Contracting Activity Quarterly Report for Fiscal Year 2007/08; Third Quarter Period January 1, 2008 through March 31, 2008.

Norma Nelson, Contracts Manager, provided the third quarterly report on the Port's contracting activities. The purpose of this report is to comply with the legal and policy mandates of the San Francisco Administrative Code as well as the Port Commission policy on contracting and using the as-needed contracts. The as-needed contracting requirements are promulgated by Section 6.64 of the Administrative Code and Port Resolution 03-50. There's also a letter of agreement with the Local Union 21 that requires the Port to report on a quarterly basis certain information regarding the utilization of as-needed contracts. That information is included in this report. The other reason is because when the City & County of San Francisco adopted the new 14B ordinance, it included a requirement that once a year, we provide a report to the

Mayor's office on the utilization of LBEs and our contracting activities. We specifically include information concerning our steps to ensure non-discrimination in our contracting activities as it pertains to minority, women-owned and local businesses. The Port of San Francisco has been assigned a disadvantaged or local business enterprise subcontracting goal of 20%. Part of this report advises the Commission of our progress in meeting that particular goal. The 14B ordinance also has language that pertains to leases, franchises, concessions and other contracts that are not necessarily subject to the contracting goals. For those particular types of transactions, we are required to provide a good faith effort to include LBEs and those opportunities as they arise. That information will be provided in the 4th Quarterly Report.

This particular report covers contracting activities that is related to as-needed professional service contracts that are procured through a formal process i.e. they are greater than $29,000 and then there are professional services contracts that are informal contracts and they are valued less than $29,000. The construction service contracts are for the purpose of construction of public works improvements in major maintenance projects. There are information technology contracts as well as general services contracts. This particular report is provided in two sections: (1) as-needed contracts; (2) all other contracting activities. We have a 20% subcontracting goal that is required on all the Port's contracts. However, recent discussion with the Port's HRC Contract Compliance Officer resulted in our determining that we should review the subcontracting goal on an annual basis. As a part of the next report or the first quarter report for the next fiscal year, we hope to be able to provide some information regarding where we are with that particular goal, whether or not that's the goal we should stay with or we should increase or decrease it. HRC will be providing us information with that regard.

The third quarter represents the period January 1, 2008 to March 31, 2008. She reported that we've increased above the 20% participation goal. In terms of the construction related professional service contracts, those are contracts that deal with the architectural engineering environmental service type of contracts. The actual accomplishment for the third quarter was 31.06% which represented $65,072 to LBEs. On the non-construction related professional services which were related to the real estate economics as needed contracts, we had 38.62% of participation from DBEs, representing $131,546. Combining all of the as-needed contracts, our actual accomplishments in terms of DBE participation for the quarter was 35.74% or $196,618. If we were to look at the cumulative amount of DBE participation from when the as-needed contracts were initially awarded to date, as of March 31, 2008, our actual participation with DBE firms has been 20.96%. That's cumulative since July 2006 to March 31, 2008. This was a good quarter for us and hope to continue the momentum we have now. With regard to contracting activity that we do outside of the as-needed contracts, there's not much to report in those particular contracting category because we only issued two contracts during the third quarter. Those two contracts were relatively informal contracts. One was awarded to Scott Consulting team for our strategic planning meeting facilitation services and the other one was to Corey, Canapary and Galanis Research for our parking regulation focus group. In terms of utilization of LBEs, we were able to use one of the tools in terms of how we

would ensure non-discrimination with the local firms. We set aside that contract so that only local businesses could compete for it. From the results of that effort, we were able to award a contract to a minority owned business for $50,000. That was reflected in the report. It brings the informal professional services contracting activity up to 46.5% for this quarter. There was no other contracting for the third quarter. She summarized all the different categories of contracts that we have been monitoring for this fiscal year. Taking the as-needed professional services, the general services, formal professional services, informal professional services and construction, the total dollar amount that has been awarded was $8,528,745 and the total $1,782,230 which also represents 20.9%. Overall, we've increased beyond the 20% subcontracting goal that HRC established for the Port. There are more detailed charts that are included in the report to show which of our consulting firms are meeting the goals and which are not and the specific types of project that we've been involved in over the reporting period. She concluded that the Port is exceeding the 20% subcontracting goal.

Commissioner Fong asked how the other city agencies are faring. Ms. Nelson indicated that our HRC compliance officer mentioned that the Port is doing better than any other agency.

Commissioner Brandon thanked Ms. Nelson for waiting around for giving this presentation. She has been doing a wonderful job of educating the staff, the contractors and everybody about how this works because it changes so much. She's doing a great job. She asked her to continue the success.

11. REAL ESTATE

A. Request approval of a Memorandum of Understanding No. M-14510 for a term of 36 months with the San Francisco Office of the Chief Medical Examiner for the Rental of approximately 75,000 square feet of property (potentially at Pier 70 or Pier 96) as available and when needed for an Alternate Operations Center. (Resolution No. 08-22)

Jeff Bauer, Senior Leasing Manager, indicated that following a declaration of emergency, Chief Medical Examiner would have access to rent Port property or properties that are listed on a contingency property list. The list would contain sites consisting of approximately 75,000 square feet of open land and may include pier shed and office as available. The Port property would be used for office trailers, morgue services, parking and storage. Under the terms of the MOU, the Executive Director will confirm whether the property listed on the contingency list would be available. If no property is available on the contingency list, the Port and the Medical Examiner will use their best efforts to find alternate Port property. The term of the MOU is 36 months and would be effective May 1, 2008. The Medical Examiner is required under the terms of the MOU to pay market rates consistent with the Port Commission approved rental rate schedule. Port staff recommends approval of the MOU M-14510 between the Port and the Chief Medical Examiner's Office.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-22 was adopted.

12. FINANCE & ADMINISTRATION

A. Request authorization to issue a Request for Proposal (RFP) for grant to a 501c3 non-profit organization for a Youth Employment Program to help maintain the Port's property (Resolution No. 08-23)

Tina Olson, Deputy Director Finance and Administration, indicated that four years ago, the Board of Supervisors made some cuts to the Port's budget. One of the add backs was $150,000 for youth employment program. At that time, we did an RFP for a grant agreement instead of a regular contract so that we can get a non-profit organization that would do gardening and other types of maintenance services for the Port but also have a youth employment training program component. We awarded that contract to the SF Conservation Corps and that contract is due to expire on June 30, 2008. Staff is asking for authorization to put this back out as an RFP. In the FY 2008-09 budget, the amount was increased from $150,000 to $200,000. It's been a successful program for the Port. It's augmented our gardening services. We have two gardeners for the Port. The Maintenance Division has been happy with their work. The Mayor's Office of Economic and Workforce Development now has all of the youth employment program centralized in the city under their administration. They were going to take this contract along similar contracts with other City departments such as the Airport, Public Works, Rec Park, and PUC and bring it into one big contract. Unfortunately, it was becoming too cumbersome for them. We agreed rather than trying to bring all these contracts together and do one big RFP for the city, we would do our own RFP. In that contract, we would require the contractor to report on all of the employment related aspects of the contract so that it won't be the Port's responsibility. It would be under the Mayor's Office of Economic and Workforce Development and we would manage the work. Janet Gomes from SFCC will provide the Commission an update on the outcome for the past four years with this contract in terms of the youth that have been trained and placed in permanent employment, etc. Tom Carter will talk about the outcome of the program from his perspective in maintaining the Port's property.

Tom Carter, Deputy Director of Maintenance, indicated that Maintenance has two gardeners; one of which is funded by the Redevelopment Agency. Their specific role is to maintain Rincon Park. We have one gardener for the rest of the central waterfront and the southern waterfront. The SFCC augments the work that the gardener does. We take ten SFCC members with a supervisor and allows us to get projects completed in a timely fashion such as the Opening Day for the Giants. We were able to go down to Terry Francois and get that street looking good. We also got Agua Vista Park prepared. We had about 4400 total hours, which gives us ten weeks of services from SFCC to maintain the six parks, 5 miles of roadway. There are three administrative buildings that have grounds that we maintain and all the side streets from Illinois to Pier 70 to Warm Water Cove. It's mostly vegetation management. They learn how to use tools. They learn a lot about safety and traffic controls. We

have been very happy with their work. The supervision has been great. We develop scopes of work every year. We have the summer time program. Leading into the winter, we prepare the locations and the parks for the winter. They are not here during the rainy months. After the rainy months, they help us get the vegetation knocked down which also helps us with fire control. He has been happy with the SFCC and happy to have the extra resources to get the work done that one gardener has been doing in the past. Before the conservation corps, they would bring on as-needed gardener and we have enough salary for 1,020 hours a year. Two gardeners can't get the job done. It took a lot of time to get through a project. When you have ten people, work gets done faster.

Commissioner Shakofsky asked if they come in a week increment for ten weeks. Mr. Carter replied that 4400 plus hours with 10 line staff and a supervisor; it gives us ten weeks of work. Commissioner Shakofsky asked if they come out on a project basis. Mr. Carter replied that we have them scheduled for about 5 weeks. They came in a couple of weeks ago and we have them scheduled into May. We get them 5 weeks in the spring time and then we break it up in the summer and the fall. For instance, a big project is Cargo Way. If you notice the sidewalk on the ICTF side, the vegetation is encroaching on to the sidewalk. They will edge the sidewalk and get the vegetation back and reestablish the sidewalk.

Janet Gomes, Director of Corps Member Services, indicated that some of the successes that they have achieved which represents corps members who had just worked on Port property, not the SFCC as a whole. A corps member received a certificate of completion. They passed the high school exit exam but did not have enough credits. They have 5 young people who received high school diploma and 13 corps members who completed their career development portfolio which consists of cover letter, resume, interviews, application, etc. to get them prepared for the role in the world. There were 5 young people who were promoted into the leadership positions. They were paid more money and given more responsibility and they got to stay a little longer in the program. 14 corps members were placed into permanent jobs. Some of those jobs are auto mechanic, second stage training, someone joined the Navy, a couple of people were hired by PG&E, Clear Channel Outdoor, restaurant jobs, etc. They have made some pretty good accomplishments and hope to make more in the future.

Commissioner Brandon asked how many youth were employed during the 4-year period. Ms. Gomes replied that approximately 60 corps members went through the program. Commissioner Brandon asked if they changed every year. Ms. Gomes replied that they have an open/exit program. A young person can come here and perhaps their primary goal is to achieve their high school diploma and they leave and they bring someone else on board.

Commissioner Brandon asked with the additional $50,000, would that mean 12 weeks? Mr. Carter replied that with the additional money, it would provide approximately 10.1 weeks. That would give us an additional 1500 hours, which is about 4 extra weeks.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-23 was adopted.

13. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that despite the 2-minute limitation, we still had an hour and 10 minutes of public comments on the SWL 337 item. We're doing our best to manage those items. The agenda as is listed for the May 13, 2008 meeting is longer than we could reasonably sit through. The reason for that is that it's entirely possible that the peaker plant items will slip. They were introduced to the Board of Supervisors last Tuesday. We have received a commitment from the PUC staff that the Port would not take an action until the Board of Supervisors complete the work. If the peaker plants are ready for the May 13th meeting, we'll move some of the items around. If not, we have the other items that need to be heard. She assured the Commission that we are doing our best to be as sensitive to the Port Commission's time as possible but we do find ourselves in the midst of a lot of items that need to be presented to the Commission.

14. PUBLIC COMMENT

15. COMMUNICATIONS

16. ADJOURNMENT

Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 6:44 p.m.

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